

POVERTY:

ITS GENESIS AND EXODUS.

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An Inquiry into Causes
and the Method of their Removal

BY

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SECOND



Printed by
George Ralston Son
10, Bedford Lane
LONDON
EDITION. 7000
CHANGEABLE AND
AVAILABLE.

LONDON

SWAN SONNENSCHN & CO.
NEW YORK: CHARLES SCRIBNER'S SONS

1892

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POVERTY: ITS GENESIS AND EXODUS.



I.—THE PROBLEM STATED.

THE problem of poverty is an ever-present and an ever-pressing problem.

Borne to us on the winds of the centuries is the sad refrain—"For the poor always ye have with you," and to-day we take up the same bitter cry. Nay, it has grown in volume as the years have sped, and increasing prosperity seems but to accentuate it. The nation has accumulated riches, but the poor remain; and the very advance of civilisation, with its diversified refinements, comforts, and luxuries, its expansion of industry and development of commerce, has given rise to forms of poverty peculiar to itself; and with masses of the workers has rendered their toil more severe, their surroundings more dreary, and their lot more depressing. "Progress and poverty" have gone hand in hand.

THE DEPTH OF POVERTY.

We may endeavour to derive consolation from the fact that the relative number of the poor is somewhat

less than it was; but as against this it must be borne in mind that our annual wealth-production per head has, in less than three generations, nearly doubled; and that "never in the whole history of England, excepting during the disastrous period at the beginning of the century, has the absolute number of the very poor been so great as it is now"²

Some faint idea of the magnitude of the evil may be gathered from the fact that nearly one-tenth of the population are in the receipt of Poor Law relief;³ but the idea thus conveyed is only faint; for whilst many will die rather than enter a workhouse, many others suffer abject want without being actually penniless, and the great bulk of the residuum of the wage-workers just contrive to drag on a more or less cheerless existence by means of intense and bitter drudgery. Said Mr. Frederick Harrison but a few years ago: "Ninety per cent of the actual producers of wealth have no home that they can call their own beyond the end of a week; have no bit of soil, or so much as a room that belongs to them; have nothing of value of any kind except as much as will go in a cart; have the precarious chance of weekly wages which barely suffice to keep them in health; are housed for the most part in places that no man thinks fit for his horse; are separated by so narrow a margin

¹ Mulhall's *Dictionary of Statistics*, p. 245.

² *Problems of Poverty*, by John A. Hobson, p. 26. (London: Methuen & Co. 1891.)

³ *Fabian Tract*, No. 17, p. 5. (London: The Fabian Society, 63 Fleet Street. 1891.)

from destitution "that a month of bad trade, sickness, or unexpected loss brings them face to face with hunger and pauperism."¹

The manifestations of poverty are numerous and varied, but Mr. Harrison gives prominence to one which should be peculiarly repugnant to English susceptibilities: the repulsive homes—if homes they can be called—of large masses of the people. The Royal Commission appointed in 1884 "to inquire into the Housing of the Working Classes" reported that the evils of overcrowding, especially in London, were a public scandal, and were becoming in certain localities more serious than they ever were.² Six, nine, and even twelve persons of both sexes inhabiting one small room; seven people in an underground kitchen, six in a washhouse, thirty-eight in a small house; two families living together, husband, wife, four children, and a female lodger and baby occupying a single room; more than sixty persons in a house of nine rooms, in none of which was more than a single bed; people sleeping on shelves as on ship-board; children sleeping under their parents' beds—such are some few of the facts which the Commission brought to light.³ Their appalling significance, especially as regards their influence upon the physical and moral condition of the people, is too patent to call for comment.

The death-roll tells the same tale of wide-spread poverty. Out of 79,099 deaths in London in 1888, 17,663 occurred in public institutions, 10,170 being

¹ *Report of the Industrial Remuneration Conference, 1886, p. 429.*

² *Report, p. 4.*

³ *Ibid., pp. 7, 8, 10.*

in workhouses, 7,113 in hospitals, and 330 in lunatic asylums. This showed an increasing percentage, being 22·3 as against 20·6 in the previous year. In the richest city in the world, one out of every five persons, or probably one of every four adults, dies a pauper's death!¹

THE NATURE OF THE PROBLEM.

Investigation of the problem of poverty is thus a solemn duty imposed upon all who share in the benefits which progress implies. If the privileges some of us possess are so great that to our ancestors even the conception of them would have been well-nigh impossible, all the more reason is there for us to ascertain at what cost they are purchased. If in what we deem this enlightened nineteenth century, indigence and want can thus prevail, surely our boasted civilisation has somehow missed its mark.

Poverty cannot be ignored by moral men; the problem does not admit of evasion. We are face to face with the stern fact that millions of our fellow-creatures are at present doomed to lives of misery; ministering to our wants, but unable to satisfy their own, and with little or no hope this side of the grave, whither they are prematurely hastening. Can we, dare we, shut our eyes?

Must the poor, then, be always with us? Is poverty due to some grim law of nature from which there is no escape? Is it even due to a Divine ordinance, enunciated, as a sapient preacher once suggested, that

¹ *Fabian Tract*, No. 17, p. 6.

, the rich may have scope for benevolence and philanthropy? Or is it due simply to the artificial conditions of society? Must we trace it to Nature or to Providence, and accept it as part of the inevitable? Or can we trace it to man,—and therefore remove it? And if the latter, how?

This is the problem.

DEFINITION OF POVERTY.

. As to what is meant by poverty, most people have a more or less adequate conception—too many, as we have seen, experimentally. But the term is not convertible into the lack of any defined minimum monetary income, and some indication is desirable of the sense in which it will be used.

Roughly, we may define poverty as “An insufficiency of necessities”, or, more fully, as “An insufficient supply of those things which are requisite for an individual to maintain himself and those dependent upon him in health and vigour.” And the degree of poverty will obviously be determined by the extent of the insufficiency.

Of course, this leads to the further question as to what things are requisite: and it must at once be stated that there is no sharply defined line between necessities and unnecessaries—or luxuries. A given article may be requisite to one man and not to another, and may be requisite at one time and not at another; whilst the requirements of an individual that he may adapt himself to his environment naturally depend upon the nature of the environment. The

personality, the time, and the circumstance, have all to be taken into account, and no general rule can therefore be laid down.

Obviously, however, an adequate supply of wholesome food and suitable clothing, and a sanitary dwelling, with sufficient sleeping apartments, are amongst the first requisites. To these must be added the means of obtaining some amount of education. Recreation also, and consequently the ability to procure it, and leisure to enjoy it, are scarcely less necessary to healthy existence. Medical aid and medicine in times of sickness, and more expensive forms of nourishment then, and during convalescence, are equally essential. And freedom for the married women, and to some extent for many of the unmarried, to devote themselves to domestic work must also be included in our category.

All these things are “**necessaries**” in the case of the very humblest members of society. Those who have to endure the strain of town life will have increased requirements, and in the case of those devoted to the more skilled branches of industry and to mental avocations, if their productive powers are to be properly utilised, the list will have to be still further augmented, and it will include many things which for the manual labourer would be comparatively useless or luxurious.¹

Some amount of elasticity, then, must be given to the term “**necessaries**”; and this fact is, of course, of fundamental importance in dealing with individual cases. Our investigations, however, will have refer-

¹ See *Principles of Economics*, by Professor Alfred Marshall, vol. 1., book II., chap. IV. (London Macmillan & Co. 1890.)

ence more especially to poverty in the mass, as unmistakably manifested, though in varying degrees, in the condition of the large majority of the wage-earners; and the definition will, it is hoped, prove^o adequate to the purpose.

II—THE CAUSES OF POVERTY.

ACCURATE diagnosis is a pre-requisite to the successful treatment of a disease. If we wish to remove poverty, we must clearly ascertain from what it proceeds. Hence, the first portion of our investigation will consist of an inquiry into Causes.

THERE IS PLURALITY OF CAUSES.

And it is to be remarked at the outset that social problems are almost invariably complex, and the science of Sociology cannot approach to exactness. Although, however, our inquiry leads us into the domain of Sociology, it is into that part of it which comes within the special jurisdiction of another science more exact in its nature—namely, Economics. We have, in the main, to deal with men as wealth-producing animals—a side of their character in which motives can be measured. And whilst, later on, we must also enter the domain of Ethics, yet, so far as our investigation of causes is concerned, the inquiry is one purely of economic and statistical science.

But it is important at once to disabuse our minds of the supposition that poverty can be traced to any one cause—a supposition upon which many enthusiasts for particular reforms frequently act. Thus, we are often told that Drink is the cause of poverty; once

make the people sober, and all will be well,—a dictum which overlooks the fact that many are both sober and poor, and that many are both intemperate and rich. Others tell us that poverty is due to Improvidence; the working-man has only to acquire habits of thrift and “self-help,” and he will be able to make provision for a rainy day,—oblivious of the circumstance that with some almost all days are rainy, and that the most rigid economy cannot do more than make both ends meet. Others, again, discover that the cause of poverty is Over-population, and that we have merely to limit our numbers, and the problem will be solved,—forgetful that Ireland proclaims the futility of simply relying on a diminution of population. And finally, Mr Henry George appears upon the scene, and in eloquent language traces poverty entirely to the individual appropriation of Rent of Land,—ignoring the fact that the private ownership of the soil is not an isolated monopoly, and that the economic effect of all monopolies is, undoubtedly, the same in kind.

Now, each one of these views embodies, as we shall see, a certain amount of truth; but it does not contain the whole truth, or even the greater part of the truth. The mistake is in regarding drink, improvidence, over-population, or rent of land, or anything else as *the* cause of poverty. As a matter of fact, it is scarcely accurate to say that any one of them is in itself a cause, it is only an illustration or part of a cause, or, in other words, only one of several factors, the sum of which is alone worthy of being dignified by the name of a cause.

THREE POSSIBLE CAUSES OF POVERTY.

What we want is a classification of causes on something like a scientific basis. If poverty consists in an "insufficiency of necessities," then we must ascertain in what way an insufficiency can arise.

The first point, therefore, to ascertain, is what are the *possible* causes of this insufficiency.

And we can perhaps best discover this by narrowing our vision, and taking a simple hypothetical case. If we imagine a small island inhabited by, say, only ten people, we can without effort follow the working of the problem. The probabilities are that in our miniature State money would be unknown, but it will still further simplify the investigation if we reduce the wealth of the island to English currency; and we will therefore premise that a sufficiency of necessities for each person (assuming also, for still further simplicity, that each requires the same) means wealth equivalent to not less than £50 sterling per annum.

Obviously, then, our ten people must produce £500 worth of wealth in any given year. If they produce, say, only £400, poverty will ensue. And in that case the poverty will be due to *insufficient production*. Or, even if they produce £500, but £100 of that consists of luxuries—articles which are not absolutely requisite to any, and which usurp the place of articles which are—poverty will still result, and will be caused by the *insufficient production of necessities*. Or, again, if part of the £500 should be represented

by things which, though useful to the community, have been produced at the cost of the non-production of things which are more urgently needed,—if, for example, a gymnasium be erected, to the neglect of the building of requisite dwellings,—once more poverty will be brought about, and will be due to *wrong production*, or the *insufficient production of the more immediate necessities*.

Insufficient Production, then, is one possible cause of poverty.

But our little community may produce £500 worth of necessities, and may recklessly consume a portion, or allow it to spoil. They may indulge in a series of orgies, and squander their possessions, or they may leave them exposed to the elements or the depredations of animals. If they do, their £500 will inevitably be reduced, and poverty must therefore ensue, but in that case it will result from what may be termed, the *waste of necessities*. And if they should be so foolish as to allow some of their number to lead idle lives, and (out of the consequently diminished wealth) still supply such with all they require, the same result will follow, and from the same cause; for **idle consumption is waste**. And we can also classify under this head of waste the *consumption* of luxuries produced at the expense of necessities, for such consumption indirectly leads to the misapplication of labour; and misapplied labour is waste.

Waste, then, is another possible cause of poverty.

But again, our group of islanders may produce

their £500 worth of necessities, and they may avoid waste; but they may divide their wealth amongst themselves in different proportions, with the inevitable result that as some get more than £50, others get less. And since £50 is the minimum upon which each can properly subsist, poverty will once more ensue. And in this case it will be due to *inequality of division*

Unequal Distribution, then, is a third possible cause of poverty

And these three hypotheses will, we think, be found to cover the field of inquiry. Insufficient production, waste, and unequal distribution are the only possible causes of poverty. To one or more of them can be reduced every factor which could tend to pauperise the inhabitants of our little island.

And the causes, it will be noticed are not antagonistic: they can all operate at the same time. Thus; instead of the minimum of £500 worth of necessities, only £400 might be produced: of that £100 might be wasted, reducing the available amount to £300, and this latter sum might be unequally distributed. And in this case, evidently, poverty will be most acute.

Of course we have only dealt with the actual requirements of the community,—that is to say, with the production of necessities to the extent of £500 in value. If their labour can result in a larger product, the excess need not take the form of necessities; it can (however objectionable the procedure may be from other points of view) even be wasted; and it is not requisite that it should be equally distributed.

But if poverty is, to be avoided, the production of luxuries or quasi-luxuries, carelessness or squandering, and inequality of division can only be indulged in after the real wants of everyone have been provided for.

Thus, then, we see definitely the course our inquiry must take.² We bid farewell to our Lilliputian island with its ten inhabitants, and returning to the 120,000 square miles of territory known as the British Isles, with their teeming millions, proceed to ascertain whether any one or more of the three possible causes of poverty are in actual operation in the United Kingdom to-day.

INSUFFICIENT PRODUCTION.

The first point then to be determined is whether sufficient wealth, and that of a suitable class, is produced. We must, therefore, endeavour to ascertain what is the amount of the annual produce relatively to population, and what proportion of it takes the form of necessaries.

The National Income.

Wealth has been briefly defined as anything which is useful and possesses an exchange-value.¹ The

¹ The above definition is the one usually employed by economists, though in varying and more elaborate forms. Professor Marshall, however, gives the term a wider meaning by including some non-transferable and free goods, and uses the term "exchangeable wealth" to express the narrower meaning. *Principles of Economics*, vol. 1, p. 110.

term "useful" is employed in its widest sense, regardless of the nature of the utility, which may consist simply in giving pleasure, as in the case of articles of personal adornment. And the term "exchange-value" implies not only the existence of the quality of transferableness, but that there has been effort in attainment; so that anything of which there is a free unlimited supply (as air, for example, under ordinary circumstances) cannot, however useful or even indispensable, be regarded as wealth.

With the definition, as a definition, no fault need be found. But, accepting it, we must the more carefully bear in mind that in dealing with poverty the *nature* of the utility embodied in wealth is really all-important. For a nation may be very rich and yet very poor; it may pile up "wealth," and at the same time be sadly deficient in the essentials of healthy existence. What we require in the first instance is a sufficiency of those forms of wealth which possess *social* utilities—that is, which are capable of satisfying the real wants of the community. And whilst, therefore, it is desirable, as a starting-point, to know the total amount of wealth which the nation produces, this is really only a starting-point.

One other preliminary observation. The wealth which the nation produces, or in other words, its *income*, consists of "commodities" and "services." The first embrace substantially all consumable material *things* (the land, to which all produce must be directly or indirectly traced, is an "instrument of production," and even as an instrument it has been largely made available by labour). The second may be seen in the

benefits rendered, say, by a physician or a school-master, which benefits, though they do not take the form of material wealth, are, nevertheless, useful, and possess an exchange-value. "No wealth whatever can be produced without labour;"¹ and in the one case labour is devoted to the production of food, clothes, and houses, for example; in the other labour is devoted to heal the body or develop the mind.

The total annual income of the United Kingdom may be taken to be of the value, in round figures, of £1,350,000,000²; this is the money price of the commodities and services produced in the year. The total population is about thirty-eight millions³. An equal division of the nation's income would, therefore, give to each person somewhere about £35 per annum⁴—in other words, that is the sum which may be said to represent the annual income of every member of the community on the basis of equality of distribution. Or, if we assume a division amongst the adult males

¹ Professor Fawcett. *Manual of Political Economy*, p. 13.

² Mr. Giffen estimated it, in 1886, at £1,270,000,000. *Essays in Finance*, vol. II, pp. 460, 472.

³ The Census Returns for 1891 gives the number at 37,740,283 (18,319,157 males, and 19,421,126 females). If the 147,870 inhabitants of the islands of the British seas are added, we get 37,888,153. See *Preliminary Reports*. It is convenient to take the round number of 38,000,000, and this makes no appreciable difference to our calculations. Indeed it is probable that the actual population is greater than that shown by the Census Reports, as some persons elude the vigilance of the officials.

⁴ Professor Marshall gives the average annual income at "about £33." *Principles of Economics*, vol. I., p. 46, foot-note.

only, then (taking their number at nine millions) each would receive about £150 per annum, subject to the obligation of maintaining the adult females (say rather more than nine millions) and all of both sexes who have not arrived at maturity (say rather less than twenty millions). These figures may not be absolutely exact, but they at least closely approximate to accuracy.

Whether an annual income, for each person, of £35, or, for each adult male, of £150, would be sufficient to prevent poverty, is a question upon which opinions may differ. There are, no doubt, many to whom such a sum would seem like affluence; and there are, no doubt, many others to whom it would seem like extreme indigence. The probabilities are that, in the majority of cases, it would prove sufficient to provide all that we have comprised under the head of necessities, but that in some it certainly would not. Those whose occupations compel them to live at high tension, and those who, on account of ill-health and infirmity, have special wants, would undoubtedly find the amount inadequate; and unless, therefore, we assume that with a sufficient number of others it would prove more than adequate, we must come to the conclusion that some slight amount of poverty would always exist, unless production per head were increased.

Insufficient Production of Wealth, then, may be regarded as an actual cause of poverty, but one of minor importance, and referred to chiefly as leading up to the main inquiry of the present section.

The Insufficient Production of Necessaries.

For, as has been indicated, it is not simply wealth we require; that wealth, in order to prevent poverty, must take the form of necessaries.

And a very large proportion of the annual product obviously cannot be regarded as taking this form. It consists chiefly of commodities and services which are wholly or partly luxuries (not being requisite at all, or not being requisite in the quantity in which they exist), and to some extent of commodities and services which are wholly or partly useless and some of which are positively deleterious.¹

We have only to stroll through some of the principal thoroughfares of our wealthy towns to at once realise the existence of luxury. We shall probably discover palatial residences, which we may safely conclude to be gorgeously furnished (oftentimes with little regard either to comfort or to art), and to possess well-stocked wine-cellars, and larders replete with delicacies. Or we may descry spacious shops and emporiums, with their glittering array of jewellery and trinkets, their collection of sealskins, velvets, and silks, their exhibits of special vintages, or importations from Havana, and their display of those thousand and one curiosities which are gathered from the four corners of the globe. If we extend our stroll, we may, perchance, come across some building which, under the innocent title of the "Stock Exchange," is the daily haunt of numbers of men who are chiefly occupied in

¹ See p. 27.

gambling for others. Or we may find ourselves at a somewhat kindred institution where sundry "gentlemen" are engaged in making, paying, and receiving bets, under the guise of improving the breed of horses; from which we may infer the nature of the services by which this product of civilisation is maintained. And even if we should confine our ramble to the less attractive poorer districts, we shall discover displays of tawdry finery, adulterated wares, goods "cheap and nasty," and flaming gin-palaces at every few yards.

Now, by far the greater part, and in some cases the whole, of each of these and many similar commodities and services, far too numerous to tabulate, cannot come within the most elastic definition of "necessaries." It has even been maintained that they cannot be regarded as wealth, and should rather receive the designation of "illth"¹—a suggestion provoked by the fact that they are co-existent with extreme indigence. Clearly, however, their value must be deducted from our £1,350,000,000 if we wish to ascertain that portion of the national income which is available for the prevention of poverty. The precise deduction which ought to be made it is not possible to ascertain, but we may safely regard one-third of the total income as represented by luxuries (the probabilities are that this is considerably below the mark²), so that the

¹ *Fabian Essays in Socialism*, p. 22. (London. The Fabian Society, 63 Fleet Street, 1889.)

² "Perhaps £100,000,000 annually are spent even by the working-classes, and £400,000,000 by the rest of the population of England, in ways that do little or nothing towards making life nobler or truly happier." *Principles of Economics*. By Professor Marshall. Vol. 1., p. 731.

annual amount of necessities produced must be taken as not exceeding £900,000,000 in value.

But we have seen also¹ that wealth, whilst taking the form of useful things—articles which can fairly, under given circumstances, come within the category of necessities—may be produced at the cost of things for which there is greater need, with the result that there is an insufficient production of the more immediate necessities. We must not, therefore, assume that even the whole of our £900,000,000 is represented by the most appropriate class of wealth, or is available for the prevention of poverty. On the contrary, we know that it is not; for the same causes (to be investigated later on²) which indirectly lead to the production of luxuries also conduce to wrong production even in the matter of some articles which need not be characterised as luxuries.

~~Here~~ again, the exact extent to which this takes place it would be difficult to ascertain, but there is one fact which throws some light upon the subject—namely, that, out of the total annual product, more than one-seventh (of the value of £200,000,000) is “saved,”³ the bulk of it existing in the form of new railways, roads, houses, machinery, and other aids to future labour.⁴ These are all very useful things, but they form an addition to accumulated wealth, and their consumption is necessarily extended over a long

¹ Page 11.

² See p. 58.

³ Mr. R. Giffen's *Essays in Finance*, vol. ii., p. 407.

⁴ *Fabian Tract*, No. 5, p. 30

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period. To the extent, therefore, to which this production involves an insufficient supply of food and clothing, for example, they are instances, for the time being, of wrong production; and their value must be deducted from our £900,000,000 to arrive at the net amount of the annual income represented by that form of wealth which is capable of satisfying the annual wants.

Of course that class of saving which simply consists in storing up suitable necessities for consumption in the immediate future—a process which is constantly going on, since we can only consume the products of past labour (although much of it cannot be stored for long)—stands on a different footing. But the greater part of our £200,000,000 is not a mere credit of necessities to next year's account, corresponding to a credit previously made to the present year's account of necessities now being consumed. It is largely a pure addition to capital, and whilst that addition is partly required, if capital is to grow with population, and whilst the whole of it tends to increase future production, and is thus beneficial, the point to be determined is whether we can afford to make it—whether, in fact, it is not equivalent to a man going without a dinner that he may deposit sixpence in the savings' bank. In order to ascertain this we must subtract from the total produce the amount that is thus saved in excess of what is requisite for capital to keep pace with population. If we take this latter at £100,000,000 we shall be erring on the safe side, and we have therefore a deduction to make from our £900,000,000 of a like sum of £100,000,000. This

will reduce to £800,000,000 the proportion of the annual income which is available to meet the actual necessities of the year.

Thus our £35 per head¹ dwindles down to about £21, and our £150 per adult male² to about £90. And even if we exclude from consideration the question of wrong production lastly dealt with, and venture to take £900,000,000 as our available annual produce, we are still left with only about £24 per head, or with, in round figures, £100 per adult male.

And we have little hesitation, therefore, in arriving at the conclusion that the production of necessaries is insufficient. An average annual income of £21, or even of £24, would not be enough to maintain the community in health and vigour,

Insufficient Production of Necessaries, then, is a cause of poverty,—though we shall hereafter see it is not the most potent cause.

WASTE.

The next point to determine is whether there is waste; and, if so, of what character. And we may conveniently make the inquiry, first, as to the individual; secondly, as to the industrial community; and thirdly, as to the nation collectively; although, of course, the division cannot be regarded as an absolutely rigid one.

¹ See p. 15. • ² See p. 16.

Individual Waste.

We commence by recalling the fact that **idle consumption** is waste—that is to say (with the modification to which attention will be immediately called) not only luxuries, but the very necessities of existence, when consumed by people who produce nothing, are, so far as the rest of the community is concerned, absolutely wasted, and a part of the consumption of the semi-idle is attended with the same result. Such people are more or less parasites—"drones in the hive," as the late Professor Cairnes put it, "gorging at a feast to which they have contributed nothing,"¹ or to which they have not contributed their fair share.

From this class, however, must be excluded the young, whom it is both cruel and impolitic to draft into the industrial ranks before their physical and mental powers are developed; and the aged, whose powers are declining, and who, after giving their best years to the service of the State, are entitled to immunity from further labour; and the sick and afflicted, who are unable to work, and have a peculiar claim upon the community.

Nor must we be misunderstood on another point. Production, in the economic sense, as we may gather from our brief analysis of wealth,² does not mean the mere manufacture of material articles. For man, in reality, *makes* nothing: by all his labour he cannot add one particle to the sum of matter in the universe.

¹ *Some Leading Principles of Political Economy*, p. 32.

² See p. 14.

All he does is to "move" or alter the form of material substances; or, in other words, he produces simply "utilities." But utilities may be embodied in human beings, as well as in outward objects, and everyone who creates utilities is a producer, whether he makes a table (to use conventional language) or causes a blade of grass to grow, or whether he increases the mental powers or improves the moral character of his fellows.

Yet the fact remains, that, with these limitations, there are tens of thousands who produce practically nothing, and hundreds of thousands who produce far less than the equivalent of what they consume.¹ Waste, therefore, takes place; and unless we had, as we have seen we have not, a superfluous production equal to the amount squandered, this becomes a cause of poverty.

Nor is the waste caused by the drones confined to their personal consumption. To minister to their pleasure they monopolise the services of large numbers of other individuals, who, although not themselves idle consumers, are fed, clad, and housed, simply that they may add to the comfort of the privileged class. Large armies of domestic servants and personal attendants are kept, in order that magnificent estab-

¹ It appears from the Census of 1881 that 407,169 adult males returned themselves as of no occupation. (The *Preliminary Report* of 1891 does not give information on this point.) The number of those who do a few hours daily "work," after the manner of the "Circumlocution Office" worthies, we can only guess at.

ishments may be maintained, and that their owners may be spared exertion. And, having little or nothing to do, they seek to "kill time" and combat *ennui* by amusements of the most diversified and costly character. They must have their shooting and their opera-boxes, their race-horses and jockeys and clubs, their house-boats and yachts and four-in-hands, and all the other forms of diversion which are regarded as essential to "fashionable life."

All this represents so much waste. The consumption by those who are thus engaged simply in contributing to the pleasure of the idlers has the same economic effect as the consumption of the idlers themselves: nothing is given to the community in exchange for the wealth destroyed.

But, again, even with active producers not engaged wholly or partially in ministering to those who contribute little or nothing to the national income, the consumption of luxuries has the same effect: it is equally "unproductive consumption."¹ The guests who assemble at the hospitable board of the Mansion House, for example, may be highly useful members of society; but gorgeous civic banquets, to the extent to which they are in excess of necessary fare, must be condemned as waste. And the working-man who squanders some of his hard-earned wages at the public-house is contributing to the same evil. Professor Marshall intimates that "perhaps more than half of the consumption of the upper classes of society

¹ See *Principles of Political Economy*. By John Stuart Mill. Book 1., chap. iii, sec. 5.

in England is wholly unnecessary;"¹ and there is no doubt that a considerable, though naturally a much smaller, proportion of the consumption of the "lower classes" is equally so.

Many instances of unproductive consumption might be cited, but we may be content with selecting the most notorious. Our annual Drink Bill is, in round figures, £125,000,000—it has been more—and although about £30,000,000 of this goes to the Government in the shape of duties, a very large proportion of that sum may be set off against the cost to the community of coping with the crime, vice, and disease which are caused by strong drink. Not, however, to overstate the case, let us say that the consumption of alcoholic beverages costs us £100,000,000 per annum.

The greater part of this is absolute waste. We do not for one moment suggest that under no circumstances can alcohol be considered a necessary, but it certainly is not food; and although alcoholic beverages contain a fractional proportion of nutriment, there cannot be any reasonable doubt that if the amount consumed were reduced to one-twentieth, or, say, £5,000,000, no one would suffer, whilst we should obviously effect an enormous saving.

The probable total amount of the wealth annually produced, which is represented by luxuries, we have already had occasion to refer to,² in order to arrive at that portion which is represented by necessities. The *consumption* of luxuries, however, which are procured at the cost of an insufficient supply of the

¹ *Principles of Political Economy*, vol. 1. p. 124.

² See p. 18.

requisites of life, has naturally called for observation under the present section.

Industrial Waste.

Passing from the individual consumer to the industrial society, we may next inquire whether waste takes place in connection with production and distribution. And so many instances at once occur to us, that there can be no hesitation in answering the question.

Perhaps the most prevalent form of industrial waste arises from the loss of Capital. Under our system of competition merchants embark in the most risky enterprises, and the general public, especially that portion with limited means, is often induced, by misrepresentation and deceit, to contribute to absolutely worthless undertakings. The result is that much wealth is annually lost—that is to say, it is unproductively consumed to the extent to which it is devoted to labour that proves abortive. And even with more reliable or *bonâ fide* commercial pursuits, owing to the difficulty in accurately gauging demand (especially with regard to articles which are not absolutely requisite), to the changes in fashion, and the ever varying caprices of the wealthy consumer, productive waste is constantly taking place.

And Speculation, whilst also often giving rise to direct loss of capital, in any case involves a wasteful tax on the community, by the maintenance of numbers of persons whose chief occupation is to promote and profit by the speculation. Joint-stock companies,

productive though they have been of great good in many respects, have considerably extended gambling, and have resulted in what is known as "rigging the market," and in the buying and selling of shares simply for an anticipated rise or fall. "Rings and corners" are other instances of the same evil; and although large speculators at times fulfil useful functions, to the extent to which they are engaged in artificially inflating or depressing prices and in contributing to industrial crises, their labour and their consumption is worse than wasted.

Capitalists, again, deliberately promote the evil. The manufacture of practically useless articles, to be palmed upon the purchasing public by means of chicanery and deceit, and **adulteration**, or the compounding with useful articles of spurious or deleterious ingredients, represent some of the worst forms of waste; for they are the outcome of deliberate fraud, and oftentimes of a criminal disregard for health. And they lead to further waste by the expenditure of enormous sums in the elaborate puffing and advertising of these objectionable wares.

In "Strikes" and "Lock-outs" we have other instances of industrial waste. They cause machinery to remain idle, labour to be thrown upon the streets, industry to be suspended, and commerce to be deranged. And these effects are very far-reaching; for, with the inter-dependence of the various industrial groups, a disturbance in one trade, or even in one centre, extends with varying intensity to many others; and the evil results are often felt long after the particular dispute is settled.

All this means enormous loss to the community, though the burden, as a rule, falls most heavily upon those least able to bear it—namely, the poorer classes.

Waste is also characteristic of our system of distribution. Commodities are filtered through numerous channels before they reach the consumer, at the cost of the maintenance of a large army of “middlemen,” whose sole function it is to pass on the products of industry from hand to hand, each one retaining a portion, or its equivalent, for himself, in the shape of “profit.” To the extent to which their services could be dispensed with, their labour is socially unproductive, and their consumption of wealth another instance of the evil with which we are dealing.

And, once more, many professional services must come within the same category. Our lawyers, valuers, auctioneers, and others in the same industrial grade, are, in the main, very estimable individuals, (though, with regard to the first, it is customary to give them credit for more mischief than even that attributed to much-maligned woman); but if they attempt to analyse—which they probably rarely do—the nature of the services they render, they must come to the conclusion that the less those services are required the better it will be for the community. So far, therefore, as the labours of the professional classes are rendered necessary by an undesirable artificial condition of society—and that they are, to no small extent, so rendered necessary will hereafter be seen,¹—they represent a form of industrial (though not of individual) waste.

¹ Page 85 *et seq.*

National Waste.

There are yet other manifestations of the evil to which brief reference must be made, and, although both individual and industrial waste necessarily affects the community as a whole, there are some forms which are more appropriately classified as distinctly national.

Crime (we regard it from the economic rather than from the moral standpoint) is waste. The criminal is engaged in producing, not utilities, but what may be termed "disutilities"—that is to say, he is engaged in working mischief. He often lives on the labour of the community, and he necessitates labour being devoted to thwarting his designs and keeping him in restraint. Policemen, magistrates, gaolers, and others have to be maintained in order to cope with him, and even the production of locks, bolts, and bars, and similar safeguards, may be regarded as chiefly required for the same purpose.

From one aspect of the question the expense thus entailed upon the community may be considered as individual waste: its proximate cause is the viciousness of individuals. But this aspect is a narrow one, and does not embrace the cause of that viciousness. Hereafter we shall have occasion to inquire to what it is crime is due,¹ and meantime we prefer to classify this instance as one of national waste, indicating thereby that the ultimate responsibility rests in the main with the community rather than with the

¹ See p 87 *et seq.*

criminal himself. But with whomsoever it rests, the viciousness affords one of the most painful exemplifications of waste.

The evil is also manifested to some extent in our Government departments, which, owing largely to the lack of identity of interests between the officials and the general public, are seldom conducted with a sufficient regard to economy; whilst any criticism is often considered as satisfactorily disposed of by being denounced as a "cheese-paring policy."

Our Imperial expenditure is about £86,000,000 per annum; but from this ought to be deducted some £8,000,000, the cost of the Post and Telegraph services, which, as a whole, constitute a well-managed and profitable business, thus leaving about £78,000,000 net. The mere amount, however, in itself proves nothing, since the necessary expense of Government must depend on the functions it discharges. "But of the sum in question, we find that about £25,000,000 is for interest on the National Debt, "made up, for the most part, of the cost of unnecessary wars, or gross extravagance and corruption on the part of our rulers of the past"¹ Another £33,000,000 goes to the present maintenance of the Army and Navy, devoted, not simply to self-defence, but to that aggression and chastisement for insult, real or imaginary, which forms part of a spirited foreign policy. And of the remaining £20,000,000, the greater part represents the expenditure on the miscellaneous Civil

¹ *Financial Reform Almanack*, 1891, p. 46.

Services, the costly collection of revenue by indirect taxation, and annuities, pensions, and allowances.

That some saving could be effected in many of these departments, without any sacrifice of efficiency, is undoubted. But probably the only very large item which is open to grave objection is the £33,000,000 above referred to (of which more than £17,000,000 represent the cost of our land forces), to which must be added loans raised for similar purposes. When we investigate¹ the motives inducing "**military operations**"—as the process is euphemistically termed—we shall see that much of this expenditure is wholly unnecessary.

Thus our second question receives on all hands an emphatic affirmative answer.

Waste of Wealth is a cause of poverty,—though even yet we have not seen the most potent cause.

UNEQUAL DISTRIBUTION.

The third and last stage of the inquiry which the visit to our Liliputian island suggested relates to the distribution of the products of industry.

The Extent of the Inequality.

That wealth is unequally divided is, of course, patent to everyone. But *how* unequally it is divided comparatively few seem to realise. Yet since, as we shall hereafter see,² absolutely equal distribution is

¹ Page 90 *et seq.*

² Page 95.

not necessary to prevent poverty, the question of degree becomes of importance; and a clear conception of the extent of the inequality is, therefore, essential.

Just a few significant illustrations.

Of the total accumulated wealth of the United Kingdom, estimated, upon the basis of a table prepared some years ago by Mr. Giffen, at over £10,000,000,000,¹ one-half is owned by something over a quarter of a million of persons²—that is, by about a hundred and fiftieth part of the population or a seventieth part of the adult population! And, of the remaining half, only a small fraction, amounting probably to not more than £180,000,000³ (or a fifty-fifth of the whole), is owned by that large number who constitute the manual-labour class. If we include the families of the quarter of a million persons, we shall have, in round figures, one million individuals enjoying £5,000,000,000 accumulated wealth, giving an average for each of £5,000, whilst the remaining thirty-seven millions enjoy a like sum of £5,000,000,000 accumulated wealth, giving an average for each of £135. But of the thirty-seven millions, the weekly wage-earners and those dependent upon them, estimated at thirty millions,⁴ enjoy only £180,000,000; thus giving an average for each of £6 only. **One thirty-eighth** of the population thus possess on the average

¹ *Fabian Tract*, No. 7, p. 7.

² *Ibid*, p. 9. Mulhall's *Dictionary of Statistics*, pp. 278, 9.

³ *Ibid*, p. 9.

⁴ This class embraces about four-fifths of the total workers. Professor Leoni Levi, *Times*, 13th January, 1885.

£5,000 per head; and thirty thirty-eighths of the population possess on the average £6 per head. Inequality of distribution can scarcely be carried much further than this.

Nor shall we now be surprised to find that gross inequality prevails in the distribution of the national income. The total, we have seen, is £1,350,000,000; and of this, our thirty million weekly wage-earners obtain £500,000,000 only; the remaining eight million persons thus receiving £850,000,000. This means that the average annual income of the one class is less than £17 per head, and the average annual income of the other class is more than £106 per head. But, of course, the greatest inequality also prevails amongst the members of both classes, many receiving infinitely more than £106, and many much less than £17.

The Nature and Effect of Unequal Distribution.

• The eight million persons are monopolists; they are the owners, save to a trifling extent, of the instruments of production; and it is to this fact that the grave inequality in the distribution of the produce is traceable. Because they possess such an enormous share of the accumulated wealth, they are able to command an enormous share of the annual income. "Unto everyone that hath shall be given."

• The £850,000,000 is the amount of what are known as the "three rents." Rent of Land (and houses)¹

¹ Strictly speaking, house-rent is interest on capital, but it is generally more convenient, when dealing with land-values, to

annexes about £220,000,000; and Rent of Capital (or interest) appropriates £270,000,000. These two sums, amounting to £490,000,000, represent the price paid for permission to work, and leave only £860,000,000 of the £1,350,000,000 for the workers themselves. But of this it is estimated that Rent of Ability (or the additional remuneration commanded by skill) absorbs for the benefit of about one-fifth only of the industrial group as much as £360,000,000, leaving our net sum of £500,000,000 for the remaining four-fifths of the workers.¹

The average income of the weekly wage-earners is thus reduced from the £35, which equal distribution would give, to the £17 already referred to, and that of the adult males, from £150 to about £70. If, therefore, any have more than this, others have less; and, as a matter of fact, of the number of separate incomes, only about one-eleventh amount to £150 per annum.²

Thus the average income of this class is even less than it would be if the *whole* of that portion only of the annual wealth-product which is represented by *necessaries* were equally divided. And we, therefore,

include the buildings upon them, not upon the principle of the old legal maxim *quicquid plantatur solo, solo cedit*, but because we can only guess at the separate values of the land and buildings respectively. It makes no difference to our conclusions, provided we exclude the value of the buildings when dealing with capital; since, as will hereafter appear, the economic effect of interest is the same as that of rent. The annual rental-value of the land alone is roughly estimated at £130,000,000.

¹ The figures given in this paragraph are taken from *Fabian Tract*, No. 5, where the various authorities for them are stated.

² Mr. R. Giffen's *Essays in Finance*, vol. ii., p. 467.

arrive at the conclusion that it is the privileged monopolist alone who can afford to indulge in luxuries ; and that for the masses of the people any such indulgence is impossible, save at the cost of a still further diminution in their insufficient supply of necessities.

Obviously, also, the majority of the wage-earners can have little, if any, opportunity of " putting by for a rainy day." Having regard to their means, however, there is really more saving amongst the working-classes than amongst their wealthy brethren. The number of small deposits in savings banks afford some indication of this, and the membership of the numerous benefit societies is another pertinent instance. Yet, of the £200,000,000 which is annually saved, the wage-earners contribute only an infinitesimal portion ; and substantially the whole of it represents the superfluous income remaining to the favoured plutocrats, after providing for their every want, both natural and artificial.

And it is largely owing, be it also observed, to this gross unequal distribution of wealth that we have an insufficient production of necessities and great waste. As we shall hereafter see,¹ the large production of luxuries at the expense of necessities, and their wasteful consumption, is in part indirectly traceable to the fact that a section of society possesses a greater amount of wealth than is requisite to satisfy its actual requirements. Thus, not only is unequal distribution a cause of poverty, but it gives latitude, so to speak, to the other causes, and must be held

¹ Page 58.

chiefly responsible for the existence of the problem we are investigating.

Is the Inequality Increasing or Diminishing?

Special interest, therefore, attaches to the further inquiry, whether or not the tendency is for the inequality to become greater.

That the rich are growing richer is sufficiently indicated by the amount of their annual savings, to which reference has just been made. But it is not a necessary corollary of this that the poor are growing poorer, since, as has been intimated, the annual wealth-production per head has enormously increased.¹ This increase is mainly due to **improvements in the instruments of production**, especially by the great development of machinery; and it thus becomes of importance to ascertain what is the effect upon distribution of such improvements.

Now, it has been pointed out that substantially the whole of the accumulated wealth is owned by a comparatively small number of persons (half of it by a mere fraction of the population), and that they are, therefore, monopolists of the instruments of production. True, these instruments must be used in order to produce wealth, and to use them, employment must be given to labour. But the amount of the produce which the labourer receives is mainly determined, not by the efficiency of the instrument or the absolute quantity of the output, but by the ratio between the supply and demand of labour. A machine

which produces, say, ten articles per hour, may be superseded by a machine which produces ten thousand; but if no greater labour or skill is required to work the one than the other, the owner of the machine will not have to pay a single penny more in wages on account of its increased productiveness. Hence, with a practically unlimited supply of labour—such as now exists—and with unrestrained competition, it is (ignoring the consumer for the moment) the monopolist who mainly benefits from improved methods of industry. No doubt, to the extent to which a better machine calls for greater ability to work it, he must pay more wages, since the supply of skilled workmen is much less than that of the unskilled. But so long as the work is practically mechanical, the labourer *qua* labourer can derive no benefit from an improved instrument; the diminished cost of production does not result in lessening his toil or in raising his wages; on the contrary, growing competition for employment tends to increase the first and lower the second. "Hitherto," said John Stuart Mill, not so many years ago, "it is questionable if all the mechanical inventions yet made have lightened the day's toil of any human being;" significantly adding, "they have enabled a greater population to live the same life of drudgery and imprisonment, and an increased number of manufacturers and others to make fortunes."¹

But if there is competition among the labourers, there is also competition amongst the capitalists; and hence they cannot for long make an abnormal profit,

¹ *Principles of Political Economy*, book iv., chap. vi., sec. ii.

so that a diminished cost of production eventually lowers prices, and the consumer benefits. And because we are all consumers it is a very common, but very erroneous, assumption that we all substantially benefit; and that the labourer in this way obtains his full share of the productive gain resulting from improvements in machinery. True, we are all consumers, but we are not all consumers to the same extent, or even of the same class of commodities. The consumption of the poorer classes is necessarily meagre, and it chiefly consists of those things which are directly traceable to the land; whilst, in the main, it is the price of manufactured goods which machinery-lowers. The primary essentials of existence are food and dwelling; and mechanical inventions have not succeeded in reducing the cost of many of the staple articles of diet, nor can they enlarge the area of Bethnal Green or other localities where the poor congregate. Meat, vegetables, butter, eggs, and other food-stuffs are much dearer than they formerly were; and house-rent has enormously risen. By opening our ports to foreign grain we have secured the boon of a cheap loaf; and clothes are also less costly, but the poor are not given to fastidiousness in dress. In short, it is principally manufactured and imported goods which are cheaper, and these are the goods which are consumed mainly by the upper and middle classes, and upon which (with the exception of corn) the bulk of the poor spend but a comparatively small portion of their scanty earnings, for the simple reason that the greater part of those earnings are absorbed in the satisfaction or attempted satisfaction of prior wants.

On the whole, then, we must come to the conclusion that, with unrestrained competition,¹ the tendency is for the inequality of distribution to increase. The upper and the comparatively wealthy classes, comprising as they do the bulk of the landowners, derive the full benefit of the rise in ground-values; their savings also augment their money incomes; and the fall in price of the comforts and luxuries of life still further increase their real incomes. The middle classes have to pay more rent, but they are to some extent owners of capital, and share the gains arising from the monopoly of this instrument of production, whilst they, too, benefit from the fall in prices. Even the upper strata of the working-classes, though they also have to render increased tribute to the landlord, are able by combination and skill to obtain an increase of money wages, whilst, owing to the cheapening of some of the articles they consume, their real wages are still further enhanced. But the masses of unskilled labourers (who number more than all the other classes put together), in consequence of the growth in their numbers, compete more keenly for employment, thus, as a rule, keeping down the rate of remuneration to bare subsistence-wage; whilst in any case, they have to pay considerably higher rent for the miserable rooms they occupy; and, unless they are content to live on bread and treacle, with a cup of inferior tea, their purchasing-power is less as regards articles of food. Although, therefore, in some directions the inequality is diminishing, the disparity between the two extremes of the social scale is be-

¹ As to the restrictions already imposed, see *post* p. 153.

coming greater.¹ The labourer who has neither land nor capital, and only the minimum of ability, is always working on the "margin of cultivation," with the certainty that nearly two-thirds of the product of his industry will be scrupulously appropriated by those from whom he obtains permission to work.

The Unequal Distribution of Wealth, then, is the most potent cause of poverty.

YET A FOURTH CAUSE OF POVERTY.

We have thus found that the threefold danger to which our imaginary islanders were exposed is realised in the community in which we live; and that poverty arises from all its possible causes.

And we ventured to say that these were the *only* possible causes. Somewhat paradoxically in form, though not in substance, it must now be added that there is yet a fourth cause—and that is *poverty* itself. The effect in turn becomes a cause.

For if Insufficient Production leads to Poverty, Poverty also leads to Insufficient Production. To obtain the maximum result, labour must be efficient; and for labour to be efficient the labourer must possess health and vigour. A half-starved, ill-clad, badly-housed, and ignorant proletariat can never

¹ See *Problems of Poverty* (Note, ante, p. 2), chapter i., sec. 8. "There still remains a great, and . . . perhaps a growing residuum of persons who are physically, mentally, or morally incapable of doing a good day's work with which to earn a good day's wage." *Principles of Economics*, by Professor Marshall, vol. i., p. 729.

constitute a body of able workers; and though they may plod through a certain amount of mechanical drudgery, even this will be laboriously and slowly performed, and much productive power will be frittered away. If a man is to be an efficient producer, his soul must be in his work; but when the body is pinched the soul shrivels; and hence the victim of poverty often displays less intelligence than the horse, owing to the fact that he lacks the material comforts the average horse enjoys.

Again, if Waste is a cause of Poverty, Poverty is a cause of Waste. Improvidence and recklessness are not unfrequently engendered by indigence. An enfeebled mind is not conducive to habits of foresight or thrift, even when an occasional opportunity for their cultivation exist. If an extra shilling is earned it is too often squandered; pleasure is chiefly identified with the gratification of appetite, and intemperance is thus promoted. Moreover, it is the poverty of the poor which permits of the extravagance of the rich: they are able to indulge in prodigality because others are doomed to penury. Profusion and wanton self-gratification are only possible to those who possess considerably more than a sufficiency of wealth; and they possess this mainly because others cannot command a sufficiency. The greater part, therefore, of all wasteful expenditure can be indirectly traced to the existence of poverty.

And, once more, if Unequal Distribution produces Poverty, Poverty leads to Unequal Distribution. The more abject the want of the labourer, the greater is his anxiety to obtain work, and the lower, therefore,

the price he will accept for his services; whilst the restrictions placed upon his productive power by infirm physical and mental stamina also make his labour less remunerative. Moreover, his comparative ignorance and want of means prevent his effective organisation; and without organisation he cannot hope to improve his position. Poverty, thus, in various ways, conduces to a continued and increasing disparity in the division of the produce of labour.

It is easy to sink to the bottom of the social scale: *Facilis est descensus Averni*. To ascend the ladder is often an arduous undertaking; to slide down it requires no effort. And large numbers never have the opportunity of placing their feet on the lowest rung. For with the absence of prudence and self-restraint, which control those who have a standard of comfort to maintain, the poor often marry early and have large families; with the result that thousands are born into the most abject poverty, and never even have a fair start. And thus the disease is constantly fed. Everything seems to combine to keep down the poor, and to recruit the army of paupers; and though some of them possess that ability which in others commands special rewards, comparatively few find opportunity to develop or utilise it.

"Slow rises worth, by poverty depressed."

Poverty, then, is a cause of poverty; and this its incidental effect has not less than have its primary causes, an important bearing on our problem.

III.—THE PROBLEM SOLVED

HAVING ascertained the genesis of poverty, we have to put to ourselves the crucial question—"Are we justified in predicting its exodus?" Unless there is a solution to the problem, the suggested duty of investigation might well be met with a "*cui bono?*". The plutocracy must be regarded with the envy of despair; the toilers regaled with moral reflections on the dignity of labour, the reward of virtue, and other cold scraps of philosophy; and the "submerged tenth" exhorted to pray diligently and fervently for speedy euthanasia.

POVERTY IS PREVENTIBLE.

But our research, though gloomy in its character, has been encouraging. We have not discovered any stern law of nature proclaiming poverty to be inevitable. We have seen no trace of a Divine ordinance which decrees that the many shall always be poor. But we have, on the contrary, clearly discerned that poverty is due to man, and need not, therefore, be perpetuated.

Necessaries, it is true, can only be procured by labour; and nature does emphatically proclaim what the moral law has enunciated, "that if any would not work, neither should he eat." Some have contrived

to cheat nature, and have broken the moral law, by eating without working—and there has been vicarious atonement for their sins. But under an altered condition of things—a condition which we are warranted in believing can be brought about—none who are able and willing to work would lack the necessities of life.

The poor, then, need not be always with us—the problem can be solved.

But poverty will not be exterminated in a day. The method of extermination can be clearly apprehended; its practicability readily demonstrated; its ethical justification fully established; but its actual adoption can only be gradual. A sudden revolution in the industrial organisation is not possible; and if it were, would be productive of catastrophe. Hence, whilst the extinction of the causes is the ultimate object, this can only be attained by continuously diminishing their power. Every step in the right direction is so much gain; and although the abolition of poverty must necessarily be a work of time, each decade may witness its appreciable decline if we keep the goal steadily in view.

It must not be forgotten that we have for long recognised some obligation in the matter. Theoretically no one is allowed to be reduced to absolute starvation. As an actuality we have in one year a hundred deaths *recorded* as due to this cause;¹ and if we could get at the truth we might doubtless multiply

¹ *Problems of Poverty* (note, ante p. 2), p. 18.

the number by itself. And the reason is that we have given comparatively so little thought to causes, and have so largely limited our attention to effects. During the last half-century certain phases of the evil, as they have become painfully prominent, have been dealt with by legislation (which, whilst beneficent in itself, has had the scarcely less important result of establishing valuable precedents for more extended action); but there has been no wide-spread recognition of the problem as a whole, and our one systematised effort is still directed not to prevention, but to relief—and that of an inadequate and demoralising character. It is the *fons et origo mali* that we have yet to suppress.

The solution of our problem, therefore, consists in the discovery of practical methods for the removal of the causes of poverty; and hence we have once again to make a threefold investigation.

THE MEANS OF INCREASING PRODUCTION.

It may at first glance seem that production cannot be increased. With the wheels of industry constantly revolving; with the return to labour nearly doubled in less than a century; what more, it may be asked, can possibly be done? Machinery has been developed to an extent which can only be described as marvellous; year after year has science exacted further tribute from nature; and "Tools and the man" is the epic of this practical nineteenth century.

Mechanical and Scientific Aids.

Enormously, however, as discovery and invention have increased our productive power, to their triumphs there is no discernible finality.

Sooner or later, as Professor Marshall tells us, "any manufacturing operation that can be reduced to uniformity, so that exactly the same thing has to be done over and over again in the same way," is sure to be taken over by machinery.¹ And we have now entered upon what he terms "the new era of Interchangeable Parts;"² an era when machinery is extensively employed in the manufacture of machinery; with the result that every piece in the intricate mechanism can be duplicated with absolute exactness, and replaced therefore at trivial cost, and there are, he considers, many signs that this principle "will do more than any other to extend the use of machine-made machinery to every branch of production, including even domestic and agricultural work."³ In short, we may safely predict a larger return to labour by the further development of labour-saving appliances.

And all this is productive gain. It is quite true, as was previously pointed out,⁴ that improved methods of industry have hitherto been of little benefit to the poor; and that in the main they have merely added to the luxuries of the rich and the comforts of the

¹ *Principles of Economics*, vol i., p. 315.

² *Ibid.*, p. 317.

³ *Ibid.*, p. 318.

⁴ Page 37, *et seq.*

middle classes. But this is obviously not an inherent vice of machinery itself: mechanical inventions can be utilised for the good of all, and the simple fact is, as John Stuart Mill himself tells us in continuation of the passage already quoted, that "they have not yet begun to effect those great changes in human destiny, which it is in their nature and in their futurity to accomplish."¹ Hereafter, we shall endeavour to show how these changes are to be brought about; but before we can have an equitable distribution of produce, we must have the produce itself; and any means therefore by which it is increased in proportion to the capital and labour employed (or, in other words, by which the cost of production is diminished) ought to be heartily welcomed.

Nor is it by the mere additional output directly traceable to machinery that productive gain arises. There is a greater return to labour in various other directions. For production can be carried on upon a much larger scale, and, indeed, must be so carried on to profitably employ some of the very elaborate and more costly forms of machinery, and this leads to economy of material and skill. Moreover, industry becomes more specialised and localised; and full advantage can be taken of physical conditions, such as climate, soil, and facilities of water-transit; whilst a local market is established for special skill, which thus becomes almost hereditary; and subsidiary trades spring up in the neighbourhood, conducing to further economy. Thus labour is employed under the most favourable conditions; and by these methods also we

¹ Note, p. 37.

may look for its return being continuously enhanced.¹

And science will still further come to our aid. Many as are the secrets she has wrested from nature, each generation will doubtless see her crowned with new laurels, as she increasingly subdues the forces of the universe to the service of man. ⁶

By bringing to light additional agencies for promoting the fertility of the soil and improving the methods of agriculture; by new discoveries which shall result in the still greater utilization of what were previously waste products; by enabling us to yet more effectually grapple with disease, and extend our sanatory resources; and especially by conducing to the further subjugation of the marvellous power of electricity, men of science and research will maintain their honourable position as benefactors of the race, and render less arduous the satisfaction of our material wants.

None of these methods of increasing production, however, call for defence or advocacy. Unlike the means we have yet to consider, they provoke no hostility, and give rise to little, if any, difference of opinion. The one point which requires to be emphasised is, that to promote the development of these mechanical and scientific aids we must be lavish in our **Education of the people**, and give every facility for technical training and the development of

¹ Professor Marshall's *Principles of Economics*, vol. i., book iv., chaps. x. and xi., from which this paragraph is substantially epitomised.

latent talent. If in the little country churchyard some "mute inglorious Milton" may rest, who can say what inventive geniuses have not lain buried and neglected in the smoke and grime of our large cities? Only by affording to all the means of acquiring knowledge, and by giving special opportunities to those who exhibit constructive powers and originality of ideas, can we hope to obtain the full harvest which science and art offer to the skilled husbandmen.

The Social Organisation of Labour.

But the one industrial factor to which we must look for an increased production is obviously Labour. To it, as we have seen, all the produce is due. Of the instruments of production even, Capital is entirely the result of labour, and the Land has received much of its potentiality from the same source; whilst neither capital nor land will yield its fruits to man unless he put forth his strength. The efficiency of labour, therefore, and its effective organisation as a means of securing this efficiency, become of paramount importance. Yet, strange to say, these are matters, which, from the national point of view, receive as a rule but scant consideration.

At any moment we are confronted with the astounding anomaly of large numbers of men being reduced by incessant toil to a condition akin to that of abject slavery, and of large numbers of men being unable to find any place in the industrial ranks. Civilisation presents the strange spectacle of practically dividing the great bulk of those who belong to

the manual-labour class into the **Overworked** and the **Out-of-work**! Men are kept at the treadmill until they almost drop from exhaustion : and men are soliciting alms because they cannot procure employment. Whilst, on the one hand, we have an overwhelming majority of the national workers engaged in prolonged toil, in some cases extending to a hundred hours per week ;¹ we have, on the other, an average of about fifteen per cent. subjected to enforced idleness.² Even of men belonging to the more skilled branches of industry, and protected by the powerful Trades Unions, whilst the average hours of labour are excessive, the number of the unemployed is nine per cent. ;³ and at some periods it has been three times as great.⁴ These men practically represent the aristocracy of manual labour ; and the percentage is, naturally, less than the total average ; the percentage amongst the competing unskilled workmen and those outside the Trades Unions being correspondingly increased. But of the total thirteen millions belonging to the industrial ranks, we tax the powers of the majority beyond their strength ; and we allow probably some two millions⁵ to subsist as best they can on parish or charitable doles, unless they prefer to starve outright.

And so accustomed are we to this condition of things

¹ See *The Eight Hours Day*, by Sidney Webb and Harold Cox (London : Walter Scott. 1891). Appendix i.

² *Problems of Poverty* (note, ante p. 2) p. 16.

³ *The Eight Hours Day*, pp. 169, 170.

⁴ *Problems of Poverty*, p. 16.

⁵ *Ibid.*, p. 17.

that it never seems to present itself to us as a manifestation of pure imbecility. Yet this is what it in fact is; for, if it means anything, it means plainly and unmistakably *an absolute waste of productive power*. To keep one man idle all the day, while we work another for sixteen hours, is not simply cruel to both, but, from the national point of view, is industrial lunacy. It needs no profound insight to see that if we employed both for eight hours the productive gain must in many industries be enormous. Instead of having a jaded, spiritless worker, and a despairing, importunate idler, we should have two comparatively cheerful and healthy producers. And the efficiency of labour would be enhanced, not only by the utilizing of the maximum ability of the labourer, but by an increase of the ability itself. For the ranks of the "Overworked" and the "Out-of-work" are not continuously composed of the same men; a migration from one group to the other is constantly going on, with the result that some of the skill which accrues from uninterrupted practice is lost, and that many of those for the time being engaged in production are less competent than they would otherwise be. It is a physical law that powers develop or deteriorate according to their reasonable use or their neglect; muscles become sinewy or flabby in proportion to the energy or lethargy displayed, and "new men" are rarely as able as are "old hands." It would therefore seem that we do our best to obtain a minimum return to labour.

. The reason that we adopt this eminently irrational

course is to be found in the fact, that the motive for production is private profit. It is not that the workers deliberately choose now to resort to excessive toil, and now to indulge in absolute idleness: they cannot help themselves under a competitive system. Many no doubt will work "overtime" in order to obtain increased wages; and some few are loafers who will never work, if they can exist without it. But the bulk of those who labour the longest have no choice in the matter, and obtain at the best a bare subsistence wage; and the bulk of those who lack employment are only too anxious to obtain it.¹

It is the subserviency of production to the personal gain of the monopolist that gives rise to the anomaly. Two men working half the time of one, or three men working a third less of the time of two, would generally be far more productive; but they would not be so productive to the employer—or, at any rate, so he thinks—for they would command a larger portion of the produce; and, although the total would be more, his proportion would in some cases be less.² And, since with all of us self-regarding motives largely prevail, the inquiry of the typical capitalist is, not what is best for the workers, still less what is best for the community, but what is best for himself. So long

¹ "The fact that in 1890 the mass of unemployed was almost absorbed disposes once for all of the allegation that the unemployed in times of depression consist of idlers who do not choose to work" *Problems of Poverty*, p. 16. And of cases of extreme poverty in the East End of London, investigated by Mr. Charles Booth, he attributes only 18 per cent. to voluntary idleness, drink, and thriftlessness.

² See *The Eight Hours Day*, pp. 121, 122.

as he finds it more profitable to work one man into the grave whilst another is left to starve or go to the union, so long will he pursue this course, without the slightest qualms of conscience, and in the blissful belief that he is merely exercising the just rights of a free-born citizen of that glorious State whose watchword is Liberty. Of course the effect of his conduct is seldom seen by him in the nakedness in which it is here presented, and on the other hand instances are not wanting of praiseworthy employers who treat their men with genuine consideration—some of whom have discovered that a shorter labour day does not necessarily mean a diminished output.¹ But the general tendency of Capitalism is undoubtedly anti-social.

And this suggests the remedy for the evil. It is not much use condemning the individual capitalists. nay, in many instances, they cannot justly be held responsible, for they can scarcely help themselves. Despite their boasted freedom, they too are the slaves of competition, and are bound to buy their labour in the cheapest market or be driven out of the field. It is the system which is vicious, and it is the system which must be altered. "The mere conflict of private interests will never produce a well-ordered commonwealth of labour,"² and, hence, it is the **social organisation of labour** which must be brought about. In superseding private capitalists by the State,

¹ *The Eight Hours Day*, appendix ii.

² Dr. J. K. Ingram in the *Encyclopædia Britannica*, vol. xix. 1886, p. 382.

or by local representative bodies, the workers would become both employers and employed; mutual dependence and support would be established; and it would be to the interest of all to promote economy and efficiency.

The organisation, then, of labour by the labourers themselves through their elected representatives is the most effectual method of increasing the production of wealth. We have scarcely any true instance of such organisation at present, for large masses of the wage-earners are still practically excluded from the franchise.¹ But we have quasi-instances in the Imperial Post Office, and in certain municipal undertakings; and, capable though these organisations are of improvement, they are an immense advance on private enterprise. The penny postage—the benefits of which it would scarcely be possible to over-estimate—could never have been obtained without the aid of the State; and the normal day of post-office officials is one of eight hours, though it is spread over a longer period, and sometimes shows an undesirable elasticity. The London County Council, which has already accomplished wonders, has set a good example in the length of the labour day of its employés, and whilst private tram and omnibus companies work their servants for about fourteen hours *per diem*, the Huddersfield Town Council manages its tram-ways by a system of shifts,

¹ The number of registered electors (excluding duplicate registrations) is still only about 5,800,000—about 3,000,000 less than the total number of adult males. Numbers of the working classes are excluded owing to the length of the residential qualification.

and grants its workmen the boon of an eight hours day. Some of these instances, however, are not those of employments where a reduction of the hours of individual labour affords special facilities for increased efficiency, but such reduction at least has the effect of drawing from the ranks of the "Out-of-work" by creating a larger demand for labour, and it thereby indirectly tends to diminish "Overwork" in other branches. But the instances are at present too few to have any very substantial effect upon the solid mass of the unemployed.

• *Political and Industrial Reforms.*

To secure the social organisation of labour, a two-fold method must be employed. Our institutions must be thoroughly democratised, in order that they may be really representative of labour, and their functions must be gradually extended in the direction of increased control of industrial enterprise.

Hence **Electoral Reform**, both in connection with Parliamentary and municipal representation, occupies a prominent place in our programme. Adult Suffrage, with the abolition of plural voting for Parliament, and a short residential qualification, so that none may be disfranchised, are the first requisites. To avoid disturbing elements and prolong agitation, elections should be held on the same day; and, to insure the representation of majorities, the principle of the Second Ballot should be adopted. To give no undue advantage to wealth, the official expenses of the election should fall upon the rates, and members

should be paid a reasonable *cap* for their services. To keep the representatives in touch with the electorate, and prevent the abuse of power, there should be an appeal to the constituencies at intervals of not more than three years. "Home Rule" must be granted to the various nationalities of the kingdom, and the business of the Imperial Parliament ultimately limited to Imperial affairs. And the anomaly of a Second Chamber, vetoing or emasculating popular measures must, of course, be brought to an end. This is a programme, which a generation ago would have been regarded as Utopian; to-day men look forward with confidence (or with dread) to its adoption in the not very distant future.

Simultaneously we must extend the **Socialising of industry** by vesting in the State or municipalities various national and local undertakings. To a branch of the Government will be best entrusted the management of the railways and other means of transit, as also enterprises not distinctly local in their character. Upon the municipalities will fall the duty—already undertaken by several of them—of supplying water, gas, electric-lighting, and means of urban transit; to be followed by an extension of the principle to other large industrial enterprises.

The end in view will also be promoted by the imposition of further restrictions on monopolistic production. The extension of the Factory Acts—only recently undertaken by the Government, though not in a very vigorous manner—the determined grappling with the evils of sweating, and the general curtail-

ment of the power of Capitalism will all be steps in the right direction.

One practical proposal, which is rapidly growing in favour, is to secure an **Eight Hours Working Day**¹ as a statutory maximum, though subject probably in many industries to the principle of Trade Option. From *a priori* reasoning we have had little difficulty in arriving at the conclusion that this must result in more efficient labour and increased production. But our conclusion is confirmed by inductive inquiry. In the course of a valuable article dealing with Victoria, Mr. John Rae intimates it is, he thinks, "beyond question that the shortening of the day to eight hours has improved the efficiency of labour during the time employed both as to quantity and quality."² And in their recently published exhaustive treatise on the subject, Messrs. Sidney Webb and Harold Cox present us with numerous instances of the beneficial effect, in this amongst other directions, of a reduction in the length of the labour day.³

The Increased Production of Necessaries.

We have dwelt at some length on the means of increasing the production of wealth, since, although what

¹ There is no magic in the figure eight; but the period named cannot in the majority of callings be exceeded, consistently with the due development of the physical, mental, and moral powers of the workers, and therefore with the maximum efficiency of labour.

² *The Eight Hours Day in Victoria*, Economic Journal, vol. i. p. 37.

³ *The Eight Hours Day*, chap. iv. sec. 2, and appendix ii.

we chiefly require is not so much more wealth as that wealth should more largely take the form of necessities, any increase in our productive powers would obviously permit of more necessities being produced.

But it does not follow that they would be produced; and the investigation must, therefore, be pursued. Since poverty is in part traceable to the insufficient production of necessities, and is probably to a further extent due to wrong production, even in the case of articles which are not luxuries, we have still to consider how to bring about such an exercise of our industrial powers as shall result in the satisfaction of the urgent wants of the community. What we require is, not merely that labour should be more efficient, but that it should be more wisely applied. The production of gold-lace, or even of a new church, when men are lacking food or healthy dwellings, is another instance of industrial aberration.

And should there be any lingering doubt as to the power to produce a greater amount of wealth, there can be none as to the power to produce a considerably greater amount of necessities. That more are not produced is due to the fact that a demand for luxuries is created, owing to large numbers of individuals possessing a superfluity of purchasing power, and that under a system of production for private profit capitalists will satisfy any demand if it pays them to satisfy it. So long as men have a superabundance of wealth, they will ever be devising new wants, and others will readily gratify those wants, since by so doing they can add to their own store of wealth. It matters not to the capitalist what he produces, pro-

vided, he can make a profit; and it is the expectation of the profit and not the utility of the product which determines his action. Demand a dog-collar made of gold and inlaid with diamonds, and, if you are regarded as solvent, it will be forthcoming, though its cost equal that of a year's necessities for a hundred workmen. So that the same cause which leads to less efficiency of labour and consequently less production of wealth—namely, an industrial system based upon individual rather than communal gain—leads to luxuries being produced at the expense of necessities.¹

It follows, therefore, that the remedy (or at any rate one remedy) lies in the same direction. As the result of the political and industrial reforms to which reference has been made,² not only would there be an increased productivity, but, in consequence of the power the workers would possess of commanding a larger portion of the produce, and of, therefore, more effectually controlling its form, there would be a gradual increase in the production of necessities.

But we can also contribute to this result in other ways, which have yet to be pointed out.

Limitation of Expenditure.—Saving.

If the nature of supply is indirectly determined by the nature of demand, then our individual demand

¹ The same cause is also in another way indirectly responsible for less necessities being produced, since capital and labour are employed in the production not only of luxuries, but of spurious, adulterated, and partly useless commodities. This is more fully considered when dealing with Waste. Page 77 *et seq.*

• ² Page 55 *et seq.*

is all-important. By abstaining from purchasing articles we can do without, we add to our sayings, and therefore to capital, and therefore to the demand for labour, and therefore to the labourer's wage, and therefore to the effective demand for necessities. Capital will thus be diverted from the production of comparatively useless to that of substantially useful things; so that even under the present system of profit-mongering more of the requisites of life will be produced, and will take the form most appropriate to the actual needs for the time being. But it should be remembered that if the additional capital should be lost by being devoted to speculative or risky enterprises, or if the promise of higher profit should cause it to gravitate to the less desirable industries, the community will be deprived of the whole or some of the benefit which would otherwise accrue; and it is, therefore, of importance that we should see our savings are employed to the greatest advantage by investing them in sound and useful undertakings.¹

One of the means, then, of increasing the production of necessities consists in a **diminution of expenditure on luxuries**; but the *consumption* of luxuries will call for further examination when dealing with the means of preventing waste.²

It ought, perhaps, to be here mentioned that we do

¹ Municipal trusts, for example, might wisely be selected. The extension of the powers and functions of the municipal bodies would, of course, lead to their requiring more capital. Page 102.

² Page 72 *et seq.*

not overlook the influence of Foreign trade. A large portion of our necessities comes from abroad; and from the purely insular point of view it makes no difference what we produce in exchange, so long as we can obtain the desired imports. Poverty, however, is not a local but an almost universal problem; though there are some provinces, with boundless tracks of fertile land, where at present it need give little concern. But, even if we ignore the fact that the principles involved are of very wide application, and look only to their bearing upon ourselves, our deductions remain the same. It is quite true that, unless other countries made equal progress, it would not be essential to an increase in the supply of necessities that such a change should be made in our home industries as would be requisite if international trade did not exist—though some change would undoubtedly be called for. But this would not make the less beneficial a limitation of individual expenditure, and the wise investment of what is thereby saved. To the extent to which the consequent diminution in the demand for luxuries and increase in the demand for necessities called for an alteration in the nature of our own production, it would certainly come about, for supply and demand always tend to an equilibrium, but since foreign supply and foreign demand alike affect us, the adjustment would partly take place through the complicated mechanism of international exchange. To follow the operations of this, however, would be an elaborate task, and at the same time a work of supererogation so far as the present inquiry is concerned.

Control of Population.

Yet another point. What we require is not essentially an increased production, whether of all forms of wealth or only of necessaries, but simply an increased production *per head*. And there are of course two ways of enlarging a quotient—by adding to the dividend and by diminishing the divisor. That we can increase the dividend we have already seen; can we not also lessen the divisor? If we can control production, can we not control population?

There is an old saying that God never sends mouths but what He sends food. This confident assertion may be indicative of piety, but it certainly is not of perspicacity. To shift on to Providence man's responsibility is no doubt extremely comforting; but, as has been remarked, there is an unfortunate tendency for the mouths to come to one door and the food to another; and it therefore becomes worthy of consideration whether (at any rate so long as the tendency exists) it would not be wise to have fewer mouths. There is no necessity to commit either suicide or murder—Father Time with his scythe is constantly mowing us down; and it is merely a question affecting the birth-rate.

With a smaller population we could undoubtedly obtain a larger product per head. Without dwelling on the "Law of a diminishing return"¹ (which is ad-

¹ *Principles of Political Economy*, by J. S. Mill, book i., chap. xii., sec. 2, where the law is thus stated: "After a certain, and not very advanced, stage in the progress of agriculture, it is the

mittedly more or less in operation in all old countries), we can discover this by recalling the fact of there being a large body of idlers, either from choice or necessity—men who will not work, or who are unable to obtain work, but who nevertheless possess mouths. In other words, our present produce is the result of the labour of a portion only of the population; so that the same produce could be obtained although population declined. Therefore, until such time, at any rate, as we compel or enable all to work, a diminution of numbers would conduce to a larger production per head. And not only this—a greater proportion of the product would take the form of necessaries. For a reduction in the ranks of those competing for employment would lead to a rise in wages, and thus increase the effective demand for the essentials of existence, the result of which demand we have already seen¹

Again, it is unfortunately the poorest classes who are the most prolific—owing, as has been previously indicated,² to the very fact that they are poor, and

law of production from the land that, in any given state of agricultural skill and knowledge, by increasing the labour, the produce is not increased in an equal degree”

Professor Marshall states the law, provisionally in a short, and ultimately in an elaborate form, and qualifies it by a reference to improvements in the arts of agriculture, notably “an increase in the skill of the individual cultivator.” *Principles of Economics*, vol. 1., book iv., chap. iii. This qualification, however, is practically synonymous with what Mill describes as the “agency in habitual antagonism to the law,” and which he generalises under the description of “the progress of civilisation.” *Principles of Political Economy*, book i., chap. xii., sec. 3.

¹ Page 60.

² Page 42.

therefore (not being able to sink lower) lack the prudence which actuates men who have a standard of comfort to maintain. And thus we are propagating from our weakest stem—though we endeavour to minimise this evil by killing off the children of the humbler classes, at about three times the rate nature carries off those of the rich—and are once again confronted with less efficient labour, and consequently less production. So that over-population leads to a smaller product per head in two ways, the return to labour is less and there are more heads; whilst of the wealth that is produced a smaller proportion takes the form of necessities.

We have, then, another remedy for insufficient production, particularly of necessities, namely a prudential **limitation of numbers**. And this should especially be brought home to the unskilled labourers. It is easy to enlist their sympathies for those reforms which aim at curtailing for the good of the community the license of the privileged classes, but we should not, in our sympathy for the oppressed, omit to point out that they themselves, under the existing conditions of industrial organisation, to some extent intensify the evil; and that, although when the evil is once removed, the mere fact of their then having a standard of comfort to maintain will itself exercise a controlling influence, whilst owing to their labour being more efficient there will be less need for the same control, they can in the meantime do something to increase the production of necessities, and thus contribute to the diminution of their own poverty.

Restriction on Pauper Immigration.

At the same time, so largely does the necessity for collective action, operating through representative institutions, meet us at every stage of our industrial problems, that even in the control of population we may have to do more than appeal to individual prudence. Numbers can be inflated, not simply by multiplication at home, but also by importation from abroad; and it is to be observed that the greater the reward which labour is able to command in England, the more will the labourers of other countries be attracted to our shores, unless equal progress be made in their own institutions. And whilst we deplore the condition of the poor in foreign lands not less than in our own, and welcome such signs of joint action as are manifested by International Labour Conferences, we cannot but see that each country must in the main work out its own salvation. Our colonies very properly protested on moral grounds against being made a settlement for the refuse of our own population, and we on economic grounds may be driven to take measures to prevent the constant influx of pauper labour, gladly though we would lend a helping hand to all.

Hence a Law of Aliens may become a political necessity. It would be a misfortune, and the measure should only be passed after the fullest consideration, and then with great caution; for it would not tend to increase international amity; and to obtain from it the maximum of gain with the minimum of loss, it would

have to be framed with more care than is bestowed on many of our Acts of Parliament. Needless to say, there must be no support of foreign tyranny by a refusal to grant an asylum to political refugees. And to the unfortunate paupers of other lands we must extend what aid we can, short of endeavouring to raise them by depressing our own workers. But if we cannot lift all from the gutters, it is suicidal to lie down by the side of those who remain.

No doubt proposals of this character would be met with considerable opposition, and invocations to Liberty would not be lacking. The Factory Acts were resisted as a restriction of freedom; a legal limitation of the hours of labour is regarded as a sapping of the manly independence of the worker; and a prohibition of pauper immigration might even be denounced as a return to Protection. Protection in a sense it undoubtedly would be, but not in the accepted economic connotation of the term. It would not be a diminution of the advantages of international barter; it would not be a taxation of the community for the benefit of the monopolists: on the contrary, it would be a simple extension of the principle of Free-trade; namely an endeavour to obtain the greatest return from labour, and a recognition of the interests of the consumer as opposed to those of a section of favoured capitalists and landlords.

Fortunately, however, the Labour movement is advancing in many countries—in some more rapidly than in our own—and we may still indulge the hope that any grave necessity for action of the character referred to will not arise. But if the evil, from

which we are already suffering, and which is especially manifest in the East End of London, should with the accomplishment of further reforms at home threaten to deprive us of their fruits, we must face the fact and act accordingly.

THE MEANS OF PREVENTING WASTE.

We pass now to the consideration of the method of dealing with the cause of poverty secondly referred to. The individual, the industrial community, and the nation collectively, are, we found, alike guilty of great waste ; of which numerous instances were given. How, then, is this waste to be prevented ?

Before attempting to answer the question, one fact ought to be referred to.

Non-preventible Waste.

There is no doubt a certain class of waste for which man cannot be held responsible—waste which must be attributed to a “*Vis major*.”

The blighting of crops and the devastation caused by tempest, for example, are due to natural as distinguished from artificial causes ; and, although these can in some measure be combated, to the extent to which they cannot we must bow to the inevitable. Our only duty is to take what precautionary and remedial measures are open to us, and to philosophically bear, as one of the conditions of existence, the loss we cannot prevent.

Then there are other cases where, although man is

not wholly free from blame, no severe stricture can be passed. Conflagrations, for instance, which often cause great loss, could in many cases be averted ; but they generally arise from thoughtlessness or carelessness, rather than from culpable overt acts. So far, therefore, as it cannot be arrested, waste of this kind must also be regarded as one of the incidents in the lives of imperfect beings.

At the same time there must be no excuses for neglecting any means in our power. Every stride which science makes, whereby we obtain increased mastery over the forces of nature, and every growth in individual habits of foresight and prudence, tend to the diminution of this class of waste ; and if we utilize all our resources, the non-preventible loss of wealth will not be a matter for supreme anxiety.

The Extinction of Idle Consumption.

But the bulk of the enormous waste of wealth is preventible. And our first step towards prevention is to clearly and fully appreciate this. For so long as men are unconscious of the evil, or, realising it, consider it inevitable, they will naturally do nothing towards its removal.

At present there is but a very limited apprehension of the facts. They scarcely ever enter the mind of the average man ; and when they do the impressions conveyed are of a very hazy description ; nay, in some instances, he even regards as benevolent the very conduct which conduces to the mischief.

The purposely idle or semi-idle class appear not to

have the slightest idea that the community would be better without them—that they are of less use than the rodents who play havoc with our grain, and are simply living embodiments of waste. Indeed, so curiously warped are their moral notions, that they even think they serve a most useful purpose; and tell us that they give employment to labour, and are therefore the benefactors of the poor. Their idleness is so complete that they have not even taken the trouble to educate themselves. They know that they consume wealth, and that wealth is produced by labour; but they imagine that labour is the end of (other people's) existence, and not the means, and conclude therefore that by rendering more work necessary they are conferring benefits upon the workers.

Perhaps, in these circumstances, it is not surprising that the *bourgeois* class and the proletariat should fall into the same error. Lavish expenditure is regarded with satisfaction on the ground that it “makes money circulate,” and is “good for trade”; and the labourer, not unnaturally, welcomes any demand which seems the proximate cause of giving him employment.

The fact is that only one side of the phenomenon is seen. The immediate result, namely the transference of money, is perfectly apparent; but the total economic effect is not visible to the superficial observer.

Yet a prolonged observation is not necessary to discover that it must be a loss, and not a gain, to the worker to yield a part of the produce to those who render nothing in return. He does so, because, at

present, owing to the monopoly of the instruments of production, he cannot otherwise produce at all; and unless he produce, he starves. But the appropriation of wealth by others can never benefit him; and so far as the community of labour is concerned, the fruits of industry might as advantageously be cast into the sea as consumed by an idle class.

The fallacy in question is a very venerable one, and is the basis of the old argument for "making work; the *reductio ad absurdum* of which would be the destruction of all property, that labour might be employed to replace it; and the incidental deification of war, tempest, fire, dynamite, *et hoc genus omne*. We need never be afraid of having a scarcity of work what we have to aim at is to diminish and not increase our toil. We simply work to obtain the means of satisfying our wants; and we can very gratefully dispense with the services of those who are merely "patent digesters" of the products of our industry.

Education, then, though not in itself a remedy for the evil, is necessary to its realisation. Men must sin against knowledge, they *must* more or less be when ignorant; and hence the importance of an increased diffusion of the truths of economic science. And next the moral sentiment must be appealed to and to "go gracefully, idle in Mayfair" must be unequivocally branded as a vice. It is not a crime, since the law sanctions it; but men are daily sent to prison for offences which are far less injurious to the fellows.

But whilst we should spare no effort to subjectively

reform the idle consumer, it is to be feared that the progress made in this direction will not, for some time at any rate, be phenomenal. We must therefore also adopt objective remedies; and the most effective of these will be a heavy Taxation of unearned incomes, to the lightening of the burdens imposed upon the workers; and ultimately such a radical alteration in our industrial system as that every one shall be secured an approximate equivalent to the produce of his labour, by which means absolutely idle consumption by capable adults must necessarily cease.¹

With regard to the incidental waste due to the monopoly of the services of numerous other individuals by the idle or comparatively idle, in order that they may be spared exertion or supplied with amusement, the remedies, of course, are of the same character, and the point therefore need not be elaborated. But it must not be forgotten that the loss to the community from this cause is very real and very extensive.

The comparatively recent revelations of the manner in which the Heir to the Throne and his bosom friends dispose of some of their time are not of a very gratifying character; but it is illustrative of the vagaries of society morals that so much importance should have been attached to this item of fashionable intelligence, whilst gambling in many other forms, and pleasures equally reprehensible, are openly recognised as the daily incidents of high life. It is a good thing to have a code of honour, but one must regret that it

¹ Page 100 *et seq.* for a detailed consideration of these reforms.

should have so limited an application; and any progress in public opinion which shall induce "our old nobility" to give a wider interpretation to "*noblesse oblige*" will not only be conducive to morality, but also to the removal of poverty.

The Diminution in the Consumption of Luxuries.

Idle consumption, however, is not the only form of individual waste we discovered; for the workers themselves are not guiltless in the matter. In fact there are very few who do not to some extent contribute to the evil.

And we saw that the most glaring instance is the enormous expenditure on alcoholic beverages; so that we must give **Temperance Reform** a prominent place in our programme. We make no comment here as to the moral cost of drink to the community; we are merely dealing with the waste of labour and material wealth, and from this point of view alone the appropriation of about one-thirteenth of the inadequate national income to a single form of luxury calls for grave condemnation.

Of course a considerable portion of this is consumed by the idle rich; and it is only the comparatively wealthy who can indulge in the more costly beverages. But for a large portion the industrial classes must be held responsible; and of this, it is to be observed, the greater part is chargeable to the respectable "moderate drinkers." Doubtless there is a tendency for the very poor to seek to drown their misery in drink; but the actual amount of poverty

traceable to intemperance on the part of the victims of poverty themselves is not so great as might be supposed. Mr. Charles Booth, as the result of his investigation of cases of extreme destitution already referred to,¹ only attributes fourteen per cent. to the combined causes of drink and thriftlessness. It is not the "habitual drunkards" but the habitual drinkers—men who do not exceed what is regarded as moderation—who are mainly responsible for this great waste.

Hence, it is not merely against intemperance, but against so-called moderate drinking also (in which term, of course, we do not include the occasional employment of alcohol medicinally), that war must be declared. Temperance reformers are often rebuffed when they assume a high moral tone: possibly economic considerations may have more weight; and when the question is reduced to one of waste and resultant poverty a new light may dawn upon the minds of some. In any case, however much the less cultured advocates of total abstinence may lack discretion, they are really engaged in a noble work; and whilst they sometimes give scope to an accusation of fanaticism, there is very often more fanaticism displayed by those who make it—and displayed with less justification.

Of course instances of individual waste might be multiplied almost *ad infinitum*; but one illustration is as good as a dozen. Everyone can readily determine for himself to what extent and in what way he

¹ Note, p. 52.

must be regarded as an offender; and sufficient has been said to show that it is our duty to carefully weigh our expenditure.

We pass no sweeping condemnation on the indulgence in luxuries. Many may be inclined to think that if they are to be deprived of everything which cannot be regarded as essential, life would not be so preachy; and it is difficult to muster up courage to be called to such asceticism as this—nor would it in fact be so under an altered condition of industrial society.

Yet, let us never forget that, this life, which to us would not be worth living—nay, an infinitely more cheerless life—is one to which legions of our fellow-creatures are doomed, and that they are so doomed partly on account of our own excessive indulgence. For this reason, therefore, rather than from the unhealthy sentiment that strict discipline and personal penance are good things in themselves; are we called upon to exercise some amount of self-abnegation. And though we may not be able to take part in such a heroic mould as to be able to take part in feeding the hungry and clothing the naked, at the sacrifice of our cigars or our billiards, surely we need not be the less happy if we diminish vain display and wanton extravagance, and occasionally give a practical thought to the price which others pay for our pleasures. "Wasteful waste makes woeful want"—the proverb is a true one, but seldom correctly applied. In a nation it is invariably exemplified; but in the individual retribution very often fails to overtake the offender; and it is the innocent who suffer for the guilty.

The Minimising of Loss of Capital.

The remedies for industrial waste have next to be considered, commencing with that which is incident to the process of production.

Instances were seen in the loss of capital embarked in enterprises of great risk, or in manufactures where the demand is of a variable and uncertain character; and in the cost of the maintenance of financiers and speculators, who frequently exercise an injurious influence. • •

Waste of this character is an inherent defect of our capitalistic system. It is part of the price we pay for allowing private profit to be the main object of production. It is not the full price; for we have seen that inefficiency of labour¹ and an insufficient supply of necessities² are traceable to the same cause; and we shall hereafter see that to it other grave evils are also due. •

The temptation to make additional "profits" often induces even private merchants and firms to throw prudence to the winds; and with regard to the investing public generally, there are always large numbers ready to be victimised by specious promises of high dividends. Sound securities only yield interest at the rate of from three to four per cent.: yet traders aim at quadrupling this;³ and prospectuses of

¹ Page 52.

² Page 58.

³ We are speaking of the "return to capital" and not of the remuneration for their time, for which, as "wages of superintendence," a fair sum must be charged before "net profits" can be ascertained.

public companies are daily issued showing conclusively (on paper) that six, eight, ten, and even twenty per cent. will be paid, and that the shares will inevitably rise in value. In some cases the prospects are more or less realised; and faith or credulity is thereby prevented from waning. And so—bankruptcies and liquidations notwithstanding—the game goes merrily on, with the result that a large amount of wealth is annually lost by the expenditure of labour to which there is little or no return. Such is the spell worked by the magic word, “profit.”

And the process has called into existence various bodies of men who act as agents, or direct operations from behind the scenes, and some of whom contribute to the ultimate catastrophe. At times they indulge in speculation on their own account; but they more often stand on the safer ground of carrying out or influencing the speculations of others, with advantage to themselves in any event. Brokers and jobbers, “bulls and bears,” company-promoters and underwriters, money-lenders and financial agents, although more or less engaged in legitimate occupations (not always, however, legitimately pursued), are simply part of the machinery of Capitalism. They are the outcome of the system to which private profit is the key, and the loss of wealth which is traceable to their influence, and a large portion of the cost they entail upon the community, is pure industrial waste.

No doubt, under the most perfect form of production which men could devise, some loss of capital would be inevitable. Many necessities are of a perishable

character; and a twenty minutes' thunderstorm, for example, may upset the most sage calculations. But the bulk of the loss which now takes place could be prevented. Once make social gain instead of private profit the object of production, and the risk would immediately be minimised; for the inducement to embark in hazardous enterprises and to satisfy varying capricious demands, and the motives for speculation and fraud would straightway disappear. The minimum requisites of healthy existence are to a large extent of the same character in all cases; and the demand for necessities could therefore be foreseen with tolerable accuracy; but the commercial barometer of to-day can seldom do more than feebly prognosticate the variation in those fanciful requirements which the private capitalist endeavours (often so unsuccessfully) to turn to his advantage. And with regard to the army of financiers of all types, substantially their occupation would be gone; and they would be set free to join the ranks of useful producers.

Hence our ultimate remedy must consist in the abolition of the system of Capitalism; and we shall be gradually journeying towards this goal by the inauguration of those political and industrial reforms already referred to,¹ and by others to be hereafter enumerated.²

The Extermination of Shams and Adulteration.

It is to this remedy also that we must look for the prevention of another form of waste incident to our system of production.

¹ Page 55 et seq.

² Page 105 et seq.

Since capitalists will embark in any enterprise that promises to pay them, quite irrespective of its being adapted to satisfy the real wants of the community, they produce, not only every form of luxury, but also, as has been indicated, articles which are practically useless for any purpose, and some of which are positively deleterious—articles which none would knowingly buy or consume. There is no demand for these things—the demand is for something else—but the unscrupulous respond to this latter demand by a supply of spurious commodities, and thus make greater profits for themselves.

The tale of the razors made, not to cut, but to sell, embodies a profound truth. There are any number of wares that have either no utility whatever, or the utility of which is only fractional, but for which by sedulous puffing and chicanery purchasers are nevertheless found. "Patent Medicines" afford an almost unlimited field for fraud of this character; for everyone is liable to illness, and is inclined to try anything that promises relief. Similarly we have the adulteration of useful articles in order to enhance profits; and here the process is often attended with more disastrous results, for not only does waste take place, but there is a positive injury to health. The man who does not hesitate to impose worthless or inferior goods upon the public is not over scrupulous as to the method employed: if it is necessary to knock you down in order to pick your pocket, well—down you must go.

And the waste, as we also indicated, does not stop here. In order to dispose of his spurious goods, the manufacturer or seller has not merely to cultivate

"lying as a fine art," but has to insure that his artistic mendacity shall reach the purchasing public. Hence vast sums are expended in advertisements and other forms of puffing. Labour has to be employed, not simply in the manufacture of the wares, but in obtaining for them notoriety;¹ and in this way the prime cost is often enhanced tenfold. And with some new joint-stock enterprises "blackmail," as it is termed, is levied, and enormous sums are paid in order to prevent adverse (and often justly adverse) criticism. All this labour is devoted in the main to inducing us to buy things we should be better without, and things which we certainly should not buy but for the deceit practised upon us. It is really criminal waste.

Yet it is a significant fact that the imposition, unless exceptionally flagrant, is practically winked at. So accustomed are we to dishonesty in business transactions that we have really a separate commercial code of morality, under which candour would almost be regarded as a vice. Men who would scorn to deceive in private life unhesitatingly misrepresent the quality of their merchandise; and although they would not think of "stealing" a sovereign, they have no scruple in robbing a customer of a shilling. "Tricks of the trade" are taken as a matter of course: with the seller *caveat emptor* is the maxim; and the buyer, on discovering the imposition, generally calls himself a fool.

When a system reaches this condition, the only cure

¹ This class of waste also takes place in pushing the sale of articles which in themselves are unobjectionable.

is eradication. There is but one remedy for waste so flagrant—one which will continually confront us—namely the abolition of production for Private Profit. Men *will* make razors to sell and not to cut; they will mix useless or deleterious compounds and boldly advertise them as panaceas, so long as it pays them to do so. Adulteration Acts and occasional prosecutions in the grosser cases of deceit to some extent act as a check on the evil; but they also tend to develop additional astuteness in dishonesty. It is only by withdrawing the premium placed on fraud that we can hope to prevent the enormous loss and injury which, in this one direction alone, profit-mongering entails upon the country.

The Termination of the Conflict between Capital and Labour.

There is still, as was briefly pointed out, another manifestation of the evil, as seen in the process of production.

Capital and Labour have been compared to the blades of scissors—each of which is practically useless without the other. The simile holds good to a certain extent; but like most similes it will not allow of too rigid an application. For the typical scissors have an individual owner, who is desirous of cutting the cloth to the best advantage; whereas each of the two blades of our symbolic scissors has generally a separate owner, who is anxious to cut the cloth to *his* advantage; the result of the conflicting interests being that a zigzag course is often pursued, and much of the cloth

is wasted. And there comes a time, sooner or later, when the capitalist or the labourer—~~but frequently the latter~~—finding that his share of the cloth is not so great as he thinks it should be, absolutely declines to give the use of his blade without a readjustment. The scissors remain idle, the cloth is uncut, and waste of a graver character is the result.

“Strikes” are too often the only method by which labour can hope to check the avarice of capital; and they sometimes lead to retaliation in the form of “lock-outs.” Strikes do not always succeed: they may in some instances be very unwise; and in others they may even be reprehensible. But whether or not they succeed, or are unwise, or are reprehensible, they always mean, not merely loss to the capitalist and privation to the labourer, but waste to the community at large. Industry is disorganised, production is diminished, and cost increased.

“But these inconveniences,” says Mr. Gladstone, “may be, and to a vast extent have been, the price paid for the avoidance of a greater evil, such as is depriving the labourer of his just hire.”¹ Quite true—but what a sad truth! Why did it not suggest to the venerable and acute statesman some more practical reflection than to “bid the labourers God-speed, and heartily to wish that by their high standard of conduct, their wise choice of calling, and their equal and liberal respect for the rights of all men, or rather all human beings, they may be enabled progressively to consolidate the position they have gained, and, so

¹ *Rights and Responsibilities of Labour.* Lloyd’s News, 4th May, 1890.

far as justice may recommend, to improve it?" Why did it not suggest to him to inquire whether the price must be paid—whether the evil cannot be avoided without, what he mildly calls, "these inconveniences"?

The conflict is a species of civil war; but—and here once more is the important point—it is inherent in our system of production. Capital and labour ought to work harmoniously together; their true interests are identical; but they will never work with uninterrupted harmony, their immediate interests will never be regarded as identical, so long as capital is a monopoly, and private profit the object of production. No reform, short of the abolition of the system, can prevent this great waste. Schemes of co-operative industry and profit-sharing, to the extent to which they succeed, may diminish but cannot exterminate it.¹ They are beneficial to some; but what we require is that all the workers shall be capitalists. Monopoly must be extended until it shall cease to be monopoly by taking in the entire industrial army.

Once again, then, we arrive at our now familiar remedy; a many-sided one, of which the feature to which we must here give prominence is the **Collective ownership of Capital**—the method of accomplishing which will be hereafter dealt with.²

The Avoidance of Waste in Distribution.

But commodities have not only to be produced; they must be transferred from the manufacturer to

¹ Co-operation is more fully considered at p. 147. ² See p. 102.

the consumer; and waste, we have seen, attends this process also.

Distribution, it is perhaps unnecessary to say, is scarcely less important than production, and in many cases its cost is as great, in some even greater. Coal at the pit's mouth will not warm us; some machinery is required whereby it can be made available for the domestic fire. And obviously there is sometimes an economy of labour in conveying commodities through intermediate channels. The pit-owner could scarcely satisfactorily discharge the function of delivering the coal in separate tons to individual households; far less in the small quantities in which many are unfortunately compelled to buy it. Much of the labour employed in distribution is, and under any circumstances would be, valuable and even essential.

On the other hand, it is a notorious fact that we have too many middlemen. Even raw material will often pass through several hands before it is manufactured; and the process is repeated with the finished commodity. Each intermediary has to be remunerated for his labour, or in other words maintained; and the cost of course falls upon the consumer—and with especial severity upon the poor. The well-to-do classes who can purchase their commodities in substantial quantities of the large firms, buy at much lower prices than can the wife of the dock labourer who lays out her few shillings with the little shop-keeper in obtaining dribblets of the necessities of life.¹

Waste in distribution, therefore, can in part only be

This is an illustration of poverty being a cause of poverty.

prevented by the removal of poverty itself. The purchaser of half an ounce of tea must necessarily buy in a dearer market than the purchaser of a pound; and the cost of the additional conduit-pipes is unavoidable. But the evil is also in part traceable to other causes. Distribution, like production, has the vice of Capitalism, that is to say, the controlling principle is not the good of the community but private profit. Hence we have speculation, rashness, deceit, fraud, labour conflicts, and all the other forms of industrial waste attending on the one process as on the other. Combinations are effected to buy up goods, so that prices may be inflated and profits enhanced. In some instances—as for example in the case of agricultural produce—owing to the monopolies of markets, the middlemen occupy a far superior position to that either of the producer or of the retailer; whilst in other instances goods are bought and sold without ever being seen, the delivery being direct from the original vendor to the ultimate purchaser, although the transaction (with its contingent profit or “commission”) is carried through by means of one or more agent or agents.

Of late years there has undoubtedly been a growing tendency to make distribution more direct, and Co-operation has also been introduced with beneficial but necessarily limited results. But that portion of this class of waste which is due to the capitalistic system can only be prevented by the **Socialising of Distribution**.¹ When private profit is no longer the controlling power, it will be to the interest of all to make

¹ See p. 103.

the transfer of commodities to the consumer through the most direct channel possible.

The Desuetude of many Professional Services.

There is yet, as we saw, one other class of industrial waste, namely that represented by the labour of many of the professional classes. The fault is not theirs: under existing conditions they render undoubted services, and it is only when we see that these conditions could be altered with advantage to the community that we realise the nature of the waste.

Some labour of this character would, however, always be requisite. We shall never, for instance, so far as we can foresee, be able to dispense with the aid of those who devote themselves to the noble work of alleviating physical pain and assisting in the restoration to health. But the professional classes are to a large extent the outcome of that artificial condition of society which gives rise to so much waste.

We referred in particular to lawyers, valuers, and auctioneers. An hereditary plutocracy and a monopolistic system have called into existence a multitude of laws for the "protection of property," and an elaborate machinery for effecting its exchange. And these laws can practically only be interpreted and enforced, and this machinery set in motion, by means of specialists, who require a more or less expensive education, and are accordingly able to command a high remuneration.

Make the tour of our Courts of Justice, as they are

called, spending a few minutes in each, and you will find that "property" is the burden of at least nine out of ten of the cases that are being tried. In one the question will be a disputed account or a breach of contract; in another the infringement of a trademark or the validity of a patent; in a third the defects of a bill of sale or some flaw in the title to land. Here it takes the form of an action for trespass or illegal distraint; there for breach of warranty or fraud by directors. Now it is the construction of a will or the administration of a deceased's estate, now the bankruptcy of a trader or the winding up of a company. The aspects are varied, but the subject is the same.

Or, leaving "the sacred precincts of the law," stroll into the city auction mart, or make the acquaintance of some firm of appraisers. Again will you be confronted with "property." Large estates are changing hands; mortgage securities are being brought to the hammer, executors are realising assets. Or you may learn how fixtures are valued "in the usual way"—namely, by two skilled partisans with an ultimate reference—that reversionary interests have to be appraised, and valuations for probate are required. And so on.

Professional services of this character are rendered necessary, not by the existence of property—if they were, they would not be waste—but mainly by the mode of *acquisition* of property. It is because individuals have the control of wealth due not to their own exertions but to the labours of their fellows, that this elaborate

machinery has been called into being. Under an altered condition of industrial society, such as we shall hereafter refer to,¹ whereby no one should be able to appropriate the fruits of another's toil, we should be able to disband a considerable part of these large armies, and leave those who would otherwise have enlisted in them free to devote their talents to the production of social utilities. At present the legalised exploitation of labour necessitates an enormous expenditure to maintain and regulate the anomalies to which it gives rise; and this is waste.

The Prevention and Repression of Crime.

The last class of waste to which reference was made was regarded as more especially national in its character.

And the expense which Crime entails upon the community was the first instance cited—this expense being, not only the maintenance of the criminal (in any case whilst he is kept in restraint, and in many cases—as where he lives by depredation on the community—during the whole or greater part of his life), but also the maintenance of a large body of men engaged in the work of punishment and protection.

Crime may be broadly divided into two classes: offences against the person and offences against property. The latter largely predominates, and, in fact, to it the former is often only incidental. The vast majority of criminal acts proceed directly or indirectly from a desire to obtain or keep possession

¹ Page 100 *et seq.*

of wealth. And for this society is largely responsible. We positively place a premium on dishonesty by the meagre reward we offer to honest toil: we legalise the appropriation of the produce of labour, and allow men to lead idle lives of luxury. And then we are filled with virtuous indignation when some unfortunate pariah, at great personal trouble and risk, contrives to filch a purse or possibly abstract a few turnips. We doom men to such wretched existences that the marvel is so comparatively few should diverge from the path of rectitude, and we provide an effectual recruiting ground for crime by permitting the young to be brought up amidst the most vicious surroundings.

If we are really anxious to abolish the evil, we shall proceed to remove these potent causes. The only remedy of any great and permanent value is the **equitable remuneration of Labour**. Once bring about such a condition of society as that everyone shall have an opportunity to engage in honest work, whilst

—“That which the worker winneth shall then be his indeed,
Not shall hilt be reaped for nothing by him that sowed no seed;”

and more will be done in a single generation to diminish crime than the whole army of judges and bench of bishops will accomplish in an eternity under the existing system. Withdraw the legal sanction which is given to some to lead parasitic lives, and the majority of the temptations to which others are exposed will disappear, and in time the conditions under which the young are reared will be incidentally altered, and the evil thus arrested at its source.

We are not vindicating the criminal, although one can understand the veneration entertained for the highwaymen of old who took from the rich and gave to the poor—assuming them to be correctly credited with the latter virtue. But it is essential to realise that the criminal is not the only, or in some cases even the worst, offender, that society at large also stands arraigned. We seek a more extended reformation than that which takes cognisance only of the conventional law-breakers. A wider meaning must be given to crime, it must embrace all acts which are anti-social, by whomsoever committed. We want no scape-goats, and, by abolishing all excuse for wrong-doing, must fix direct responsibility upon the wrong-doer.

And having thereby largely diminished crime, where it still occurs, our aim will be **not to punish but to cure**. The criminal will then be regarded as the victim of a moral disease, and whilst we shall take measures to prevent him doing mischief, we shall not foster his vices or breed revenge by a system of organised brutality. Cruelty has failed in the past, it fails to-day, and it will always fail. Our criminal code has been a disgrace to a professedly civilised nation. The propertied class has enacted Draconian laws to protect property, and to-day it often metes out greater punishment for a petty theft than for a bodily assault. Secure in the freedom from temptation to which its victims are exposed, it reads moral homilies and passes vindictive sentences, in complacent ignorance of its own sins. In the method of the repression, not less than in the method of the prevention, of crime reforms are urgently needed.

The Restriction of Military Expenditure.

One other prominent instance of national waste was referred to namely, that due to war and the war-like spirit.

Bloated armaments and huge battalions indicate a vast amount of misapplied labour. Some defensive and precautionary measures must of course be taken; and until international morality reaches a higher standard we cannot exactly afford to beat our swords into ploughshares and our spears into pruning-hooks. But there is no reasonable doubt that we unduly foster the military spirit, and that this spirit leads to acts of aggression which must be condemned by economies not less than by morality. The private soldier has no voice in the matter, but his commander punts for glory, and does not give the most peaceful counsel, whilst many civilians have the lust for territorial aggrandisement, and "British pluck" more or less throws a glamour over all. The capitalist again, anxious (Aristotle notwithstanding) to make money breed as fast as possible, has no hesitation in bolstering up vicious foreign governments, the financier sees in the negotiation of loans an opportunity to obtain a share of the plunder and then when loss is threatened or sustained, we are told that "British interests" are at stake, and military expeditions, often leading to costly annexation, are the result. Here, again, the capitalist sees his opportunity, trade is brisk for the time being, new markets are opened out; and for these reasons there are even found men sufficiently brutal to advocate a "good war"

As the effect of these combined influences, we have since the Crimean blunder (which cost us £70,000,000, £34,000,000 of this being added to our monumental National Debt) indulged in a series of "little wars," most of which were entirely uncalled for, and have thereby enormously added to our burdens, and although at times there is a lull, the process goes on with more or less intermission.

And the waste is increased by inefficiency. Extravagance and jobbery characterise our military expenditure to such an extent that our comparatively small and less effectively organised forces involve a burden on the tax-payers nearly as great as that borne by some of the powerful continental nations for much larger and more perfectly equipped armies. If this meant that we paid more regard to the comforts of the rank and file, and recognised that those who fight our battles deserve at least a liberal recompense, little would have to be said on this point. But, as usual, those who endure the greatest hardships receive the least reward. Upon the favoured few are bestowed salaries, pensions, and allowances, totally disproportionate to the services they render, and for humble "Tommy Atkins" a few pence a day must suffice.

With regard to the remedies for the evil, one of the means of holding the military spirit in check will be found in the adoption of those **Electoral Reforms**¹ already referred to. The Government must be made more directly responsible to the people, so that those upon whom the burden falls may have an effectual

¹ See p. 55.

voice in its creation. No doubt, there have been popular wars; and if the bulk of the community choose to indulge in this costly pastime, they cannot grumble at having to pay the piper. But at present large numbers have a legitimate grievance; and hence by another road, Adult Suffrage is the destination at which we arrive. And we say "Adult," and not "Manhood" Suffrage; for whilst women are equally interested with men in all questions affecting their lives as citizens, they have a peculiar and melancholy claim to be considered in connection with warfare. The ghastly battle-field means suffering enough for the men, but it means prolonged untold anguish for the women—it throws heavy burdens upon the male workers, but it also dooms emaciated wives to listen to the pitiable wailing of their pining offspring. If we wish to bring the most potent restraining influence to bear upon this national waste, we must give to every man and woman a voice in the Government.

And the Reform of military organisation and administration is also requisite. If the sinecures' extravagance and inefficiency of the "services" are to be abolished, they must be no longer happy hunting-grounds for a favoured section of society, but the highest offices must be open to all; and merit, and merit only, must be the qualification for promotion. And estimates must be so framed as to fully disclose and not conceal the facts; and a resolute endeavour made to put down jobbery in all its many forms. Of course, under existing conditions, there is little chance of any of these improvements being effected; and we have once again to rely upon broadening the basis of

Government and making it more thoroughly representative.

And to the Collective organisation of industry, to which we have so constantly to refer, we must also partly look for the prevention of those uncalled-for acts of aggression which, without counting the sacrifice of human life, entail such waste upon the community. If so many wars are directly or indirectly traceable to Capitalism and financial manœuvring, we can only avoid their repetition by striking at the root of the evil. So long as production is carried on for private profit, with the result that the produce of exploited labour is constantly seeking new fields for greater exploitation, so long shall we see the war spirit rampant, and be in constant danger of embroilments with petty and embarrassed States, and so long shall we be confronted with the anomaly of national wealth being recklessly squandered in order to protect private property. But when the object of production is to satisfy the wants of the community, and not the advance of a section, we shall be less keen on purchasing markets at a ruinous expenditure, and of playing into the hands of foreign despots, and far more inclined to count the cost of military expeditions.

At the same time it must be confessed that war is a matter which no single nation can entirely control. Unjustifiable attacks are sometimes made, and must be resisted if national life is to be preserved. Hence, though our first duty is to put a check on our own warlike spirit, and aim at eradicating the causes to what it is due, we must not overlook the fact that a

strong State can by judicious negotiations with foreign powers do something to promote the cause of peace. International conferences on questions of disarmament, arbitration where practicable in the case of disputes, and other steps of this character, are all in the right direction; though it is not probable they will be productive of the great results some anticipate. More will probably be achieved by the general promotion of those political and industrial reforms which we have seen are calculated to exercise so beneficial an influence in our own case; and a Labour Conference is a more hopeful sign than is a Peace Conference itself. Capitalistic rivalry amongst nations, each anxious to secure the best markets, for the purpose, not of promoting the welfare of their workers, but of enhancing the gains of their monopolists, is a powerful factor in the promotion of national antipathy, and the "trade-follows-the-flag" policy has much to answer for.

THE MEANS OF ESTABLISHING EQUITABLE DISTRIBUTION.

The reader will probably by this time have realised how numerous and diversified are the manifestations of the evils to which poverty is due. Yet the most important features of the solution of our problem have still to be considered. For we saw that it is the gross inequality in the distribution of the national produce which is the most potent cause of poverty; and that to this, in fact, must indirectly be traced part of the production of luxuries at the expense of necessities, and much wasteful consumption. The culminating stage of our investigation is now, therefore, reached.

Equality not Necessary.

One disclaimer at the outset. The removal of poverty does not require that there should be an absolute equality in the distribution of wealth. If it did we might indeed despair, for the task would be well-nigh impossible. We could not, even by periodical distribution, do more than approximate to equality; and within twenty-four hours our work would be undone, for some would already have largely dissipated their share.

This latter fact is one upon which the upholders of the present system glory in dilating, and in which they flatter themselves they have a complete justification of the monopolies they enjoy. Periodical redistribution seems to be a fixed idea with them, and they like to regard all schemes of collectivism simply as a means of compelling the virtuous and industrious to share with the idle and vicious. And in their haste to triumph over their opponents, they overlook the fact that they really pronounce their own condemnation. For the fatal objection which they discover, whilst it has no application to the reforms they oppose, does apply to the existing order of things. All produce comes from labour, and to-day the inordinate inequality in the distribution of wealth arises from the fact that one class of men, and that the most virtuous and industrious, as well as the largest, are compelled to share with another class, which embraces many of the idle and vicious.

It does not, therefore, lie in the mouths of the

monopolists to prate about the immorality of equal distribution. But it must be admitted at the same time that a certain amount of immorality might, and probably would, attend the process, and that would be a poor reform which should be open to the same ethical objections as apply to the state of things it is proposed to remedy. It is because this cause of poverty arises from a vicious condition of society that we are justified in condemning it, and clearly we must avoid a remedy which should be open to the criticism that it partook of the same vice.

Equitable Distribution

What is essential is, not that wealth should be equally divided, but merely that there should be such a distribution as shall secure to each a sufficient supply of "necessaries." If we can legitimately bring about even a greater approach to equality than this, so much the better, but it is not requisite that we should do so in order to banish poverty. Absolute equality is not requisite to happiness, but the removal of the present gross inequality is, for whilst a superfluity of wealth is attended with little solid pleasure, an insufficiency of wealth does result in intense misery, and no one can enjoy life unless his material wants are provided for.

And to induce such a distribution of wealth as is called for, two things are requisite—first, **every capable adult must work**; and secondly, **each must be insured the results of his work**. If all the members of the community (save of course the young, the aged,

and the infirm¹) bore their fair share of the industrial burden, and each one received the fair recompense, there would be little fear of poverty, and none at all, if the other remedies to which reference has been made, were also adopted.

Of course we do not mean that there should be secured to each an absolutely exact equivalent to the utilities he produces. For in the first place the maintenance of those unable to work would of necessity fall upon the workers; and in the second place the "value in use" of commodities as distinguished from their mere cost of production would affect the ratio of their exchange. We can only therefore approximate—but that very closely—to the realisation of the principle, "To each the products of his labour"; but we can absolutely remove that inequality of distribution which arises from the grave infringement of this principle, and which we have seen to be the chief cause of poverty.

That we have on the one hand an idle or semi-idle class, and on the other a large body of workers who are very far from obtaining a fair recompense, is, we have found, due to the existence of monopolies²—monopolies of the instruments of production. And "monopoly in all its forms," says John Stuart Mill "is the taxation of the industrious for the support of indolence, if not of plunder."³ The receivers of Rent, whether of land or of capital, and to some extent even of ability, annex a large portion of the produce of

¹ Page 22.

² Page 33.

³ *Principles of Political Economy*, book iv., chap. vii., sec. 7.

others' labour. One day's work in six is exacted from the ground-landlord for the permission to use the soil of what we sarcastically call God's free gift. Rather more than another day's work in six is exacted by the interest-receiver for permission to use the capital which the labourers have produced. And considerably more than another day's work in six is exacted by an abler class for permission to obtain those services which, owing largely to superior opportunities,¹ they alone are able to render. In all nearly four days out of six are spent by the unskilled labourer in work for the benefit simply of others; and the value of the produce of the remaining two days and a fraction is all that is left to himself as the reward of his industry.

This, therefore, is the condition of things we have to alter.

Of course the monopolists will cry "confiscation." For it is part of the outcome of privilege that its possessors consider they have a vested interest in its continuance. The man who has systematically lived on the labour of others imagines that he has a right to command that labour for all his life, and to bequeath to his children a similar right. Immorality produces immorality, and in time actually comes to be looked upon as morality by those who benefit from it. Hence the monopolists are never so virtuous as when they preach the sacredness of property and the sanctity of contract. "Has not a man a right to his

¹ See page 123.

own? Cannot he make what bargain he pleases?—positively regarding as his own the fruits of another's toil, and claiming an equity to bargain that he should reap where he has not sown.

We must not, however, be indignant with the men: the system has come down to them from their ancestors; they have grown up under it; the law, (largely, though, be it said, made by those of their own class) has sanctioned it, and they have always been taught to regard it as just. And although during the last half century some rude shocks have been administered to them by fiscal reforms which it is difficult to harmonise with the "sacredness of property," and by restrictive legislation which has ruthlessly brushed aside the "sanctity of contract,"¹ these measures have met with the most vigorous protests, and have been regarded even by their own supporters rather as removing abuses of the system than as an attack on the system itself. The individual monopolists, therefore, can scarcely be held morally responsible for the existence of the evil, where they are to blame is in opposing any effort to remove it. This, however, largely proceeds from ignorance—oftentimes wilful, it must be admitted—and to Education, therefore, we must once more look. The wealthy classes doubtless display great erudition, but of Social Science and the ethics of distribution they are woefully ignorant, and though their ignorance is no doubt bliss to them, we must do our best to dispel

¹ See page 153.

*Democratic Socialism.**

But the actual method of bringing about an equitable distribution of the products of labour can only be found in the re-organisation of industrial society. Grave evils require drastic remedies; and when a system is incurably bad it must give place to another. Monopolies can only be reformed by being reformed out of existence.

Rent itself will always exist, call it by what name you will; for it is simply the produce which labour commands under any given circumstances beyond that which it can obtain when carried on under the most disadvantageous conditions. The man who works on the worst soil, with, say a spade, as his sole capital, and with the minimum of ability, is on the "margin of cultivation"; and all produce which is yielded to the equal labour of another in excess of that obtained by the first—whether due to more advantageous soil, larger capital, or to greater ability—is Rent. And it is this Rent (save as to a portion of that due to ability, to which we shall presently refer¹) which should be utilised for the common good.

With the disposal of the present hoard of accumulated wealth, or its *quid pro quo*, we need not interfere. Although it has been acquired by the labour of others, its appropriation by certain individuals has been sanctioned by the law; and whilst the law itself was unjust, there would be some harshness in retrospective legislation. All we need aim at is, not to remedy past

¹ Page 121 *et seq.*

...e, but to prevent its continuance by rendering
 ...ble the exploitation of labour in the future. In
 words, we need not divert to the State the
 ...t value of the *Land and Capital*; what we want
 ...ain is the future *Rent and Interest*. The exist-
 ...wners of wealth may be left to consume that
 ...alth; but they must eventually be deprived of the
 ...wer it now gives them both of continuously annex-
 ...ing the products of industry and of retaining intact
 ...their present store. If a man possess say £10,000, he
 ...would be allowed to draw upon the community in
 ...consumable goods to that extent, but he would not be
 ...allowed to exact, by virtue of his ownership, some
 £400 or £500 per annum from labour, and still retain
 his £10,000, with power to pass it on to his descendants,
 so as to enable them to make a like exaction. Every
 £1 of produce he would receive—unless as the result
 of his own labour—would go in reduction of the
 £10,000: he must eat his own large cake, and not be
 ...permitted, because he or his ancestors succeeded in
 filching this, to continue to filch a small cake every year
 from others. If he be, the problem of poverty will
 never be solved otherwise than on paper, and injustice
 and immorality will continue.

And how is the socialising of monopolies to be ac-
 ...complished—how is rent to be diverted from the
 pockets of a few to the pockets of all?

The answer is—by the adoption of a complete
 system of **Collective production and distribution**,
 gradually brought about by the Taxation of the mono-
 polists. The land should be bought by degrees at a

fair price, but without compensation for compulsory purchase, or for houses (save to the value of material less cost of removal) condemned as being in a flagrantly unsanitary condition; and industry should be organised on socialistic principles. The necessary purchase money and capital would be obtained in the first instance by loans (thus affording additional opportunities for investments in a form most calculated to benefit the community), the interest on which would be paid out of taxes levied on the incomes derived from monopoly.¹ And as socialised industry was extended, production for private profit would necessarily diminish, until ultimately it disappeared, save in the case of those utilities which take the form of "services" of a purely personal character (such as are rendered by a physician, for example) and not depending on a monopoly of the instruments of production. This would result in the gradual lowering of the rate of interest, for as the opportunities for the profitable employment of capital by private individuals diminished, the return to it would also diminish; and although higher interest might (as now) be offered by foreign Governments, save where the same reforms were in progress, this would simply mean increased risk. Indeed, it is probable that in time individuals would be glad to regard the Government

¹ Of course, this would also diminish the value of the monopolies, and thus indirectly annex part of land and capital. But, owing to the operation necessarily being of a protracted character, the monopolists would still, with the future rent and interest they would receive, obtain the full present value of their land and capital.

collected as bankers upon whom they had a drawing
 established; and, at length, the loans would be wiped
 out by payment in consumable goods, as they were
 needed. Simultaneously the skill and efficiency of
 the workers would be increased by giving to all equal
 opportunities of acquiring knowledge. And payment
 for labour would be affected by tokens, not necessarily
 in the form of money (for the cost of obtaining the
 precious metals would be largely saved), but probably
 in the form of paper currency, which would be ex-
 changed against commodities, having regard to their
 value in use.

In this way the community would acquire the
 ownership of the land and capital, rent and interest
 would cease to be a tax on labour, ability and skill
 would be more general, and the reward of labour
 therefore less disproportionate, the workers would
 receive the approximate equivalent of the products of
 their industry; everyone would have to work or pay
 the penalty of idleness, equitable distribution would
 be established, and the main cause of poverty would
 be eradicated.

With individual consumption there would be no
 interference, unless it be considered an interference to
 provide everyone with the means of consumption.
 Many of the fanciful wants to which a superfluity of
 wealth gives rise would, of course, disappear; and the
 production of some articles would, therefore, be
 diminished or abandoned; but subject to this, each
 worker would be able to obtain in exchange for his
 labour what commodities he desired (though he would

naturally demand, in the first instance, some more general forms of "necessaries"), and, if inclined, could produce for his own use. Nay, there need be no restriction placed on individualistic production: a man might not only make his own bread, he could keep a baker's shop if he pleased. But this would not please, because his own labour would thereby be less productive, and he would be unable to exploit the labours of others. According to his inclination and taste, however, his leisure would, no doubt, be partly devoted to what may be called artistic production; and there would be no restraint on freedom of exchange, gift, and bequest. Saving could also take place, for consumption need not proceed *pari passu* with production; it could in part be postponed; and it might under certain circumstances in part even be anticipated. Individual freedom in the choice of work would be greater than now; for at present the only freedom which large masses possess is to choose between one form of drudgery and another. That class of work which, though not calling for more than average skill, is, when prolonged, very detrimental to health, or is of a specially distasteful character, would be appraised so as to secure an exceptional mitigation of the hours of labour; whilst it is also to be anticipated that, with the progress of science, the volume of such work would be considerably diminished.

In short, Socialism is true Individualism; and the latter is impossible without the former. To-day what we call Individualism means the license of the few and the bondage of the many. Under industrial

collectivism, we should abolish both these evils, and establish in their place the liberty of all; the only restriction on that liberty being the one due to the natural law of *nihil sine labore*

The Programme for To-Day.

The foregoing is, of course, but a very brief and necessarily imperfect outline of the method by which alone equitable distribution can be brought about. For it does not come within the scope of the present treatise to enter into the minutiae of a scheme which fires a volume to itself, and which has been exhaustively treated by many able writers, whom the reader desirous of pursuing the subject can readily consult.¹ Our only aim has been to indicate, as clearly as brevity permits, the main features of that radical industrial reform by which the most potent cause (and to a large extent the less potent causes) of poverty will be removed; and it is the earlier stages of the process that we are more especially concerned to examine in detail.

For one fact is apparent—this radical reform can only be accomplished by degrees. We cannot annex rent and interest and socialise our industries in a day. By physical force the workers might (always assuming they were not first bludgeoned or shot) succeed in pulling down; but they would be quite unable at a moment's notice to build up; and mere destruction

¹ See, for example, *The Quintessence of Socialism* by Dr. A. Schäffle. (London: Swan Sonnenschein & Fabian Essays in Socialism (note, ante p. 18).)

without reconstruction, would simply mean chaos. Some few daring spirits, keenly stung by the injustice of the present system, and lacking philosophical training, may be anxious to make the grand coup; but any one who soberly studies the problem in all its bearings will readily see that the procedure must take the less heroic form of a gradual transition from the old order to the new; a simultaneous contraction of individual license and expansion of social freedom. The ultimate goal is, we have seen, the revolution of our industrial organisation; so as to perfect that revolution to socialised production which machinery inaugurated¹ (only to be accompanied by a rapid growth of monopoly and of individualised exchange), and bring about complete socialised distribution—but it must be accomplished by evolutionary methods.

Hence we want a programme for to-day—one which, whilst keeping the goal steadily in view, and not sacrificing any ultimate and permanent gain to some mere partial or transitory advantage, shall proceed on perfectly practical lines, shall command the approval of the democracy, and thus ensure its adoption by constitutional means; and shall have a complete ethical justification, so as to have no demoralising effect upon the nation. Such a programme has already been formulated, and many of its leading features have been endorsed (if, indeed, not initiated) by a large class of earnest politicians, of whom many seem, in the concentration of their activities on the immediate present, scarcely conscious of the direction

¹ See *The Ethics of Socialism*, by E. Belfort Bax (London: Swan Sonnenschein & Co.), second edition, pp. 36 and 37.

in which they are travelling. In the main it consists of such an alteration of the incidence of taxation as shall relieve labour by the transfer to the shoulders of the landlords and capitalists of the burdens they have so largely evaded, and in the gradual extension of the functions of government, so as to secure to the workers an increasing share of the produce.

The Transfer of Rent to the Community.

With regard to Land, the fiscal reforms proposed are the **Taxation of Ground Values** by the local authorities, a **Land Tax** for imperial purposes, and the readjustment of the **Death Duties**, with a partial grant to municipal bodies

At present, in London alone, we make an annual gift to the ground landlords of between four and five million pounds.¹ that is to say, the capitalised value of the land is that much more at the end of a year, than it was at the beginning. This arises from improvements paid for out of the rates, and from the increased demand for land created by the growth and immigration of population; and not one penny of it is due to any expenditure or exertion on the part of the landlords, as such. To divert, therefore, from the individual to the community the "unearned increment," as it is called (by which is meant, not that something is evolved out of nothing, but that it is not earned by the men who receive it), cannot be considered a process of taxation at all; and although to obtain it the same machinery will be employed as that

¹ *Fabian Tract*, No. 8, p. 11.

by which local revenue is raised, it will, in reality, simply be the discontinuance of a system of bounties.

The present Land Tax, again, of four shillings^s in the pound, is levied (where not altogether commuted) on an assessment made two hundred years ago; and the result is that it brings in a little over £1,000,000, whereas if assessed on the "true annual value,"¹ it would bring in about £40,000,000. But by retaining the old assessment, whilst other property is periodically re-valued, parliaments of landlords have contrived to transfer this State rent to themselves; so that they have not only gained the unearned increment on the four-fifths of the land they possessed, but have annexed the portion which has accrued on the fifth the community once enjoyed. Moreover, in the case of vacant land they have evaded all imposts; although such land is frequently kept vacant, to the detriment of the community generally, with a view to obtain that enormously increased value—the most startling instance of the unearned increment—which attaches to ground when required for building purposes.

And once more, whilst there is a Probate Duty of three per cent payable in respect of personal property, no such burden is imposed upon land; and whilst there is a further Legacy Duty payable in one sum on the capitalised value of personalty, the correspond-

¹ This includes the value of buildings, note *ante* p. 33. The tax, however, was imposed "not as a Land Tax at all, but as part of a general tax of four shillings in the pound on the annual value of all realised property and saleable interests, farm stock and household furniture alone exempted." *Fabian Tract*, No 7, p. 8.

ing Succession Duty on realty is payable by instalments and is calculated on the value of the successor's life-interest only. A half-hearted reform, however, was made in 1888 by the raising of the rates of the Succession Duty; but this was accomplished in so bungling a manner as to give the maximum of trouble, and practically to necessitate the insertion of an additional clause in all wills. And, although another step was taken in 1889 by the establishment of an "Estate-Duty" of one per cent. on all property above the value of £10,000, a new anomaly was introduced; for whilst this Duty is payable on personalty irrespective of the mode of its distribution, land escapes unless the value of the amount descending to a single heir is above the sum stated; and the most important feature of the new impost is that it emphasises the principal of *graduation* previously recognised in the Probate Duty as to property under the value of £1000.¹

Our practical programme, then, comprises the imposition of a portion of the Local Rates on the owner of the soil, a Land Tax based on periodical valuation, and an equitable adjustment of the Death Duties.² Apart from the broader principles which have been discussed, no one can possibly have a vested interest in any given system of taxation, on the contrary, it

¹ For full information as to the Death Duties and their anomalies, see Messrs. Sydney Buxton and G. S. Barnes' *Handbook* (London: John Murray, 1890).

² Mining Royalties are substantially governed by the same principles as Rent of Land and should be taxed accordingly.

is the duty of a Government to adjust the national burdens in the most equitable manner; and, indeed, nearly every year has witnessed some alteration effected.

With regard to the imposts affecting income, there must be a statutory provision, similar to that applying to the present Property Tax,¹ whereby the landlords shall be prevented from transferring the obligation to the tenant; and with regard to those affecting corpus, the present anomalies must be swept away by the simple expedient of making all classes of property vest at death in the same legal representative, and subject to the same duties,² whilst, in addition, the cumulative principle should be extended by making the rate continuously increase in proportion to the amount of inherited wealth.³

Other incidental reforms might be mentioned, but it will suffice if we refer to one of the most important, namely, the Disendowment of the Church. This, (after making ample provision for compensation in respect of individual life-interests and the ownership of advowsons, etc.) would liberate about £100,000,000 of national wealth, now applied for sectarian purposes.

The income of the Church is chiefly derived from

¹ This would cease to be levied on land if a separate Land Tax were imposed. But it might be more convenient that revenue from land should be taxed in the same way as revenue from capital. See p. 114.

² The Intestate Estates Act, 1890, provides that in certain events real and personal estate shall belong absolutely to the same person—the widow.

³ See p. 115 as to the incidence of the Death Duties.

Tithe Rent Charge, or toll levied on present labour; the power to levy it has been acquired from the State; the legal ownership of all the property is vested in the State (the Church, indeed, lacking the first requisite of such legal ownership, namely, a corporate existence), and many of its eminent members have candidly recognised the fact that so-called Church property is national property. Were it the duty of the State to teach religion—or rather to teach Episcopalianism—the Church of England would be a good instance of a socialistic institution, but as it simply provides spiritual ministrations of which the majority do not avail themselves, and which large numbers entirely repudiate, another instance of a monopoly is afforded.

Simultaneously with these fiscal reforms, which will result in the gradual diversion of Rent to the community, we can proceed with the direct acquisition of the land itself; by which not only the ultimate object will be promoted, but much immediate benefit will accrue to the poorer classes. Some of the provincial municipalities have already made rapid strides in this direction, and London has at length awakened to a sense of its responsibility¹

And by the adoption of the principle of “**Betterment**” or “**Recoupment**,” we can secure to the citizens the full advantages arising from some class of improvements made out of the rates. The obvious effect of widening a thoroughfare or making a park is to enormously enhance the value of the abutting or surrounding property; and this is one of the ways in

¹ See p. 153 *et seq.*, as to what has as yet been accomplished.

which we have enriched the owners of the soil at the expense of the ratepayers—taxing the householders to “better” the property of the landlords. But by adopting the expedient, when land is required for a given improvement, of imposing a special rate on that which by its proximity is incidentally improved, or of acquiring such land itself, the full benefit of the expenditure is retained for those who make it, and by the latter method Land Nationalisation is promoted at the same time.

The acquisition of agricultural areas by public bodies, and the grant of allotments to labourers, are also steps in the direction of securing to the community the rent of the soil, and to the workers the products of their industry, and will promote agriculture, and tend to relieve the pressure on town population. But the allotments must be by lease only; and whilst the principle of compensation for improvements must receive full recognition, the municipality, once having obtained a grip upon any portion of the soil, must never relax it, or monopoly instead of being abolished will be strengthened.¹ And even leases would be incident only to the transition period; for under a socialistic régime the agricultural labourer, in common with all the workers, would be insured the full reward of his industry.

The Transfer of Interest to the Community.

Passing on to the consideration of Rent of Capital, we must make one preliminary observation, namely

¹ The infringement of this principle is one of the vices of the Irish Land Act of 1891. See p. 142 “Peasant Proprietorship.”

that it is imperative such rent should be dealt with simultaneously with that of land.

Whilst all monopolies are bad, it would be grossly unfair to make scapegoats of one particular class of monopolists. Hence we can have nothing to do with Mr. Henry George's proposal of a single tax levied on ground-landlords. It is impossible to justify such partiality as would be involved in the heavy taxation (avowedly with the object of annexing the whole economic rent) of a man who had inherited or invested his wealth in the form of land, whilst the fortunate individual whose inheritance or investments took the form of Consols was allowed to escape. If the owner of land has no moral right to future rent, neither has the owner of capital any moral right to future interest. In principle the economic effect of each monopoly is the same, namely an abstraction of a portion of the produce of labour (although, no doubt, the tendency of rent as a whole is to rise,¹ and the tendency of interest to diminish²—for the reason that the land is circumscribed, but capital is augmented every year). And in remedying injustice we must aim at being scrupulously just and if no one has the right to appropriate the fruits of another's industry, some offenders would have reasonable grounds to complain of harshness if they had to answer not only for

¹ Under a Free-Trade régime, agricultural rent has fallen, since the importation of corn is equivalent to an extension of the land. But ground-rents have enormously risen; for we cannot import building land.

² By this of course is meant the rate of interest, and not its aggregate amount.

their own offences but for those of others equally culpable.

Nor would our problem be solved by such a partial procedure. If the most potent cause of poverty is the grave inequality in the distribution of wealth, we must abolish all the monopolies from which such inequality proceeds before we can entirely eradicate this cause. The mere transfer of rent of land to the community, whilst it would do something, would not do everything;¹ and each step which we take to retain for the workers a portion of the produce which the landlords absorb should be accompanied by a step which shall retain for the workers a portion of the produce which the capitalists absorb.

One of the most effectual fiscal reforms in the direction of effecting a transfer of interest to the community is a **Differentiated and Graduated Income Tax**. The principle is to some extent embodied in our present tax on income, which, though far from ideal, is perhaps the nearest approach we have made to an equitable method of raising revenue. By the exemption of small incomes, and the rebate in respect of the comparatively small, we have in some slight measure recognised the injustice of allowing the cost of Government to fall upon those who are already so heavily taxed by the monopolist classes, and have made some feeble approach towards equitable distribution. But as yet we have introduced no distinction.

¹ Of the £850,000,000, the total of the "three rents," a tax of 20/- in the £ on the land alone (Mr. George would exclude the buildings) would only annex about £130,000,000. Note p. 24.

between earned and unearned incomes ; and the idle *dilettante* and the man of business stand precisely upon the same footing. What therefore we require (until such time as we can annex the whole of the interest) is, in the first place a differentiation of revenue, according as it is derived from investments and from industrial pursuits, and an exemption in the latter case of a sum equal to fair wages of superintendence ; and in the second place an upward graduation in the rate of the tax, according to the amount of the income enjoyed. In this way we should deal equitably between the landlords and capitalists, and should grapple as effectually with the second as with the first of the monopolies from which unjust distribution arises.

One other fiscal reform, namely a **Graduated Probate and Legacy Duty** on personalty, the rate increasing in proportion to the amount of inherited wealth, would of course be involved in the equalisation of the Death Duties and the introduction of the cumulative principle already referred to ; and indeed in this respect no distinction between real and personal property would be recognised. Taxes payable on the decease of owners of property have the peculiar advantage that they in one sense come out of nobody's pocket. The dead man can be deprived of nothing ; and those who succeed him are merely the recipients of gifts ; so that the tax really acts as a mere limitation of the power of bequest, and is equivalent to a transfer of wealth to the State at a period when he who owned it can no longer enjoy it.

We have already referred, when dealing with the

means of increasing production, to the acquisition by the State or municipalities of railway, tram, gas, water, and other large industrial enterprises;¹ and this of course will also transfer to the community part of the rent of capital. Municipal bodies might also, with similar beneficial result, take over the entire **Liquor Traffic**—a traffic which is a pure monopoly (though its tenure may be regarded as precarious, after the recent declaration of the law²), which yields an enormous profit, and which is perhaps the least defensible of all monopolies since it chiefly thrives at the cost of the material and social degradation of the people.³

The extension of useful public works by municipal bodies should also be promoted, especially during periods of distress, if only with the object of dealing more satisfactorily with the unemployed than by affording them meagre Poor Law relief. With the complete nationalisation of the instruments of production and the social organisation of labour, the enforced idleness to which capitalism has given rise will of course disappear, but during the transition period

¹ See p. 56

² Decision of the House of Lords on 20th March, 1891, in the case of *Sharpe v Wakefield*, that the Licensing Justices have an absolute judicial discretion to grant or refuse an application for the renewal of a licence.

³ There is little doubt that this would also lead to a diminution in the consumption of drink; and consequently to an enormous moral gain. During tours in Sweden and Norway where the "Gothenburgh System" prevails, or types of it exist, the present writer discovered scarcely any manifestation of drunkenness.

we can only approximate to the desired end; and whilst some of the reforms already referred to, such as an eight hours day, will lead to the absorption of many of the unemployed, other means are also required; and by the method indicated we shall be travelling towards our ultimate destination. Obviously capital and organisation are all that is necessary, since those who now lack employment could then be engaged in supplying their own wants, either directly, or indirectly by the exchange of their produce. This latter fact appears to be overlooked by those who fear that public workshops would lower wages generally. They assume apparently that the demand for produce would remain the same, and conclude, therefore, that as there would be an addition to the ranks of those who create the supply, there must be a fall in wages, losing sight of the circumstance that the new men themselves increase the effective demand.

By the expansion in these various directions of municipal activity the way will be paved for the gradual acquisition of the larger Commercial Trusts and Joint-Stock Companies, the transfer of which would be effected with scarcely any greater interference with business than is involved in a merchant's annual stock-taking. The capitalists in fact have themselves made manifest many of the advantages of collectivism; they have long been engaged in the agreeable process of destroying individualistic production, and of swallowing up the smaller manufacturers and merchants, in charming unconsciousness of the fact that they have been thereby advancing

socialistic production, and will in due course themselves be swallowed up. This may enable us for the time to bear with them more patiently than would otherwise be possible, since we can calmly look forward to the end. "The expropriation of the many by the few" culminates, by the process of evolution, in "the expropriation of the few by the many."

But meanwhile there is amongst the expropriated many, one class who have a peculiar claim upon our sympathies, and with regard to whom a special word should be said—the **Women Workers**

It is a trite saying that a woman's place is in her home, though it is generally used as a sneer at those women who have some conception of the duties of citizens, and who venture to form an opinion on the laws by which they are governed. The saying, however, is largely true in itself, abused though it may be in its application. A home without a woman's constant care is not an attractive spot, and whilst her husband or brother must go forth into the world to find his work, in her case domestic duties have the first claim—though neither male nor female should be neglectful of social obligations.

But unfortunately, under existing conditions there are numbers of women¹ whom dire necessity compels to go out to work. That those who are free from domestic cares should engage in some suitable business occupation is of course very desirable, for the vice of idle-consumption does not depend upon sex. That

¹ The number of female wage-earners is estimated at over four millions.

wives should have no choice but to eke out their husband's scanty earnings, and widows should have to toil for a miserable pittance to maintain their children, is deplorable. And that, having to assist or constitute themselves the bread-winners, their work should in some cases be more badly paid than that of men, although equally efficient, is another blot on our industrial system. To-day there are many women whose labour does not command an appreciably higher remuneration than does that of an office boy.¹ The "sweating system" seems to have singled them out as its special victims; a large class of them are outside the scope of the Factory Acts, and work twelve, fourteen, and even sixteen hours a day, and their employment is more irregular and fluctuating than that of men, partly owing to the fact that with numbers maternity prevents them engaging in those occupations where uninterrupted service is required. Woman, in short, is in more senses than the physical, the weaker vessel; and it is the weakest who go to the wall.

With unrestrained competition this is inevitable. Employers will not as a rule pay more than the market rate of wages; and the rate with women is lower than with men for several reasons. They are unable to effectively organise, they can contrive to

¹ Improvement, however, is taking place; and some classes of female labour are better (or, rather, less badly) remunerated; and the avenues open to women are being extended. But, here again, it is with the skilled branches that the improvement is marked, and few signs of it are seen in the case of unskilled female labour.

subsist upon less than can a man, when they have husbands whose incomes are inadequate they are content to accept any remuneration which means a small addition to the family purse and some who are not dependent on their earnings for their support engage in occupations which, though inadequately remunerated, are not uncongenial in themselves, and supply them with the means of obtaining comforts or luxuries they would not otherwise command

The evil, therefore, will never be entirely banished until we attain to that brighter condition of industrial society when labour shall have its full reward; and when it is realised that the "utilities" resulting from domestic work are part of the necessaries of healthy existence, and that it is of the first importance, not only to the morality but to the industrial efficiency of the community, that those upon whom devolves the care of the young should in the main be free to devote themselves to the efficient discharge of their maternal duties. But in the meantime it may be pointed out, that all those measures which have been advocated as tending to raise the condition of the male workers must indirectly be beneficial to their female relatives (and therefore to the future generation), by more or less relieving them from the necessity of engaging in wage-work, and thereby allowing them to devote more attention to their homes. And this will also benefit those women who still have to seek for employment, by reducing the number and consequent competition; thus enabling them to command a higher wage. And by restrictive legislation, which shall extend the principle of the Factory Acts to employments now

untouched, and reduce the maximum working-day, and especially by a more efficient supervision whereby the evasion of the law shall be less easy than now, the female workers will obtain the beneficial results we have seen flow from measures of this character. That such measures may be promoted is another reason why the franchise should be extended to women—who form the majority of the community; and, until adult suffrage is obtained, those who have the vote should, not only from feelings of chivalry to the other sex, but from a sense of that duty which is imposed upon the strong to protect the weak, do their utmost to promote such legislation as will assist in rescuing their sisters from the cruel drudgery to which so many of them have been doomed by a pitiless capitalism.

The Raising of the Standard of Ability

We reach at length the consideration of the remedies for the evils arising from the last of our three rents—that of Ability.

And here the objection may be taken that at least this rent is the reward of labour, and that, therefore, if our only aim is to secure to each the products of his industry, this third monopoly must remain untouched. The objection is plausible, but it is based upon a half truth; and a careful analysis is necessary before we can appreciate the actual facts.

In the first place, it is to be observed that a large portion of what is called the remuneration of skill is

obtained, not from labour, but, from *capital*. A successful merchant may "make" £10,000 or £20,000 per annum, and after debiting five per cent. on the money invested in his business, he considers the balance is the result of his industry. As a matter of fact no single individual can possibly produce in a year utilities of the value of several thousand pounds;¹ and that any are able to obtain such an income from business, whilst due partly to their skill in organisation, largely arises from the power which the possession of capital—or credit (which is practically the same thing)—gives them of appropriating a portion of the fruits of the labour of others. To a man employing thousands of workmen, a very small profit obtained from each makes a goodly pile for himself; and even after deducting losses and insurance for business risk, it is possible for him to derive a princely income. Obviously, however, he has not himself "earned" this income.

No special justification therefore is necessary for the acquisition by the community of that portion of profits which is due to the private ownership of capital, nor is any special method of acquisition required. The income so obtained, although usually considered

¹ We are here dealing with the production of material wealth. With regard to utilities which take the form of specialised services that only a limited few can perform, they have a pure monopoly value, and it is impossible to fix any practical limit. The Rent of Ability of a skilled physician, an Attorney-General, or a *prima-donna*, finds its maximum only in the highest price the community is willing to pay rather than dispense with their services. But with the gradual disappearance of a plutocracy such price will gradually fall.

the reward of skill, is more properly rent of capital than of ability ; and as such it will be justly reached by those means for affecting a transfer of interest to the community which have already been pointed out.

But further, all ability is largely traceable to superior opportunities. For a man, born of cultivated parents, and gifted with great mental powers, whose body has been carefully nourished, and whose mind has been stored with knowledge, to claim as of right all the wealth his ability enables him to acquire in excess of that which can be commanded by a man, sprung from an ignorant stock and of low intellectual calibre, who has been brought up in poverty and lacks education, presents a confusion of moral ideas characteristic of a monopolist. Such an individual is not virtuous because he produces greater utilities than his humble brother, and from an ethical point of view is not entitled to a greater reward. No man can do more than his best, and it may be that of the two the lowly labourer is the nobler character. "Unto whomsoever much is given, of him shall much be required."

Personal merit, however, does enter in. That a man has availed himself of his opportunities by developing his faculties, and is industrious and persevering, is undoubtedly to his credit ; and whilst to a great extent the opportunities themselves are not of his own creating, he occupies a higher plane than the man who is negligent and slothful, and to that extent he is entitled to the remuneration his skill commands.

Ability, then, is partly due to objective causes, and as such has no special claim to be rewarded ; and is

partly due to subjective causes, and as such stands on a different basis. An exact apportionment need not be attempted, since it is not proposed to nationalise skill by dividing all produce equally amongst the population, or even by imposing a special tax on rent of ability. As it forms a portion of the individual income it will, of course, be partly reached by an income tax (as it is at the present time), but a *differentiated* income tax will really tend to the exemption of the rewards of that ability which is due to subjective causes. And when rent of ability is invested in land and capital, it will become subject to whatever burdens are imposed on land and capital, but this simply means that the rent has been capitalised, and that it is not the original rent, but the new rent which that is now producing which is being taxed.

Our remedy for the present inequality should rather take the form of **levelling up**, by affording to all the opportunities of becoming able. Frege (we use the conventional term, although the cost of course ultimately falls upon labour) and thoroughly efficient education,¹ including physical and manual training, should be given to everyone; and, to secure satisfactory administration, all rate-aided schools should be subject to popular control; adequate provision should be made for advanced and technical instruction, and public scholarships should be awarded, thus enabling every individual to develop to the full the faculties he or she may possess, and removing the veto which poverty now frequently places on the

¹ The Act of 1891 is an important step in this direction.

cultivation of special gifts.¹ In this way not only will much of the resources of the nation, hitherto wasted, be available for the common good, but rent of ability will be diminished without giving rise to fears (groundless though they be) that able men would sulk or leave the country, the result being brought about by the happy expedient of "raising the margin of cultivation," or, in other words, raising the comparatively low standard of ability, and thereby diminishing that disparity to which, as we have seen, the rent is traceable.

And thus we shall approximate to a nationalisation of that portion of rent of ability which is now due to superior advantages. That which is due to personal merit will remain to the individual—and also (since natural capacities will always differ) something over. This latter, however, will not be so much as might at first sight appear, for the most important form of rent of ability is the profit on industrial management, and when thousands possess the necessary qualification in lieu of hundreds, such rent must considerably fall. Moreover, if, even in this age of competition and profit-mongering, we have successful merchants devoting large portions of their gains to the benefit of the community, as by the establishment of public libraries, and similar beneficent institutions, we may

¹ The misapplied Metropolitan Endowments could be very properly devoted to some of these objects. The Royal Commission appointed in 1880 reported that the funds of the City Guilds were available for the public purposes of the people of London, and recommended that they should, amongst other purposes, be applied to Education.

well believe that with the closer bond of union which collectivism must necessarily establish, a greater portion of such reft as ability would still command would be voluntarily yielded for communal purposes.

But in any case the inequality which will remain is not a matter to be deplored. It might be if individual happiness were in proportion to individual riches, and if, therefore, the one end and aim of life were the acquisition of wealth. There are few, however, who have not a higher conception of existence than this; and contrast, individuality and even idiosyncrasies are valuable qualities. Our problem is, not how to bring about an absolutely equal distribution of wealth, but how to secure a sufficiency for every one; and our solution is not communistic but socialistic. Remove that preponderating proportion of the present inequality which is due to the artificial conditions of society, and the small remaining proportion is immaterial. It is the monopolies of man's creation that cause the mischief; and the mere difference in what may be termed normal ability leads to that variety of type, which, under a collectivist *régime*, would add to and not detract from the sum of human happiness.

THE NEWER ECONOMICS. "

Such, we venture to think, is the sunny vista which the "dismal science" opens out to view.

Political Economy is still in its infancy, but it has made rapid strides, and is obtaining a wider recognition for the truths it unfolds. Regarded as the science of wealth, it has been slighted by many thoughtful minds as unworthy of their consideration,

and has been illogically condemned by others who have a just contempt for the worship of mammon. But when we once realise that there is a converse side to the picture, and that to solve the problem of poverty is the noblest present function of Economics, and when we see its searching rays brought to bear upon each new phenomenon which characterises the evolution of industrial society, then the "dismal" becomes transformed into the inspiring, the "grab-all" becomes the save-all, and the science is invested with a dignity which renders it worthy of cultivation by the worthiest of men • •

To a dawning appreciation of this we may perhaps trace the change which is coming over the community. Habits which are the growth of generations are not to be eradicated in a day, but they are gradually losing their hold. So difficult is it for men to escape from their surroundings that Aristotle regarded slavery as essential to the existence of society. To us a miserable proletariat, now clamouring for work, and now toiling for bare subsistence wage, has seemed equally essential to national prosperity.

But "now, at last," says Professor Marshall, "we are setting ourselves seriously to inquire whether it is necessary that there should be any so-called 'lower classes' at all: that is, whether there need be large numbers of people doomed from their birth to hard work in order to provide for others the requisites of a refined and cultured life; while they themselves are prevented by their poverty and toil from having any share or part in that life." ¹

¹ *Principles of Economics*, vol. i., p. 3.

Such is the spirit of the Newer Economics. Such is the spirit which has given rise to the Newer Liberalism. Of that spirit we can all with safety drink deeply. It will elevate but not intoxicate us; and it will help us to elevate our fellows.

IV.—OBJECTIONS—PALLIATIVES—CON- CLUSION.

AUDI alteram partem. It still remains to bring the solution of the problem to the test of hostile criticism; and counter-proposals must be weighed in the balances.

With regard to the genesis of poverty, to discover this we have had in the main simply to chronicle facts. And even with regard to the method of its exodus, recent history and experience are on our side. At the same time, in the comparatively early stages of the evolutionary process, we are necessarily largely dependent upon ratio-cination, and, hence, the necessity of taking cognizance of the opposing school of thought.

THE INDIVIDUALISTIC POSITION

It is, of course, tolerably easy to plausibly criticise a movement towards the reconstruction of society. There is no reform that has ever been accomplished to which objection, and sometimes weighty objection, has not been taken; and having regard to the magnitude of the change involved in the organisation of industry on collectivist principles, it would not be surprising if very formidable difficulties in its accomplishment should be discovered.

Yet in truth, if we bear in mind the unique gravity of the evil, the objections taken to the method of its removal sink into insignificance. But in dealing with them we must permit no evasion of the problem. Not unfrequently adverse criticism is based on the tacit assumption that the existing condition of things is, on the whole, satisfactory; and no solution, therefore, being called for, an apparent victory is gained by a *prima facie* demonstration that inconvenience would arise from the change proposed. The fact is that the abolition of poverty would be worth any amount of inconvenience; and what the critic has to show is that the solution offered is one in name only, or that it would give rise to greater evils than it would remove, or that a better solution can be found.

"The Difficulties of Socialism."

And to what do the objections amount? In varying garbs they are constantly presenting themselves—a fact in itself significant—and no pretence will be made to deal with them exhaustively. Recently they have been formulated in an article by Mr Leonard Courtney;¹ and as it is to be presumed the individualistic school would accept him as an able exponent of their views, no apology is needed for regarding him, as the typical critic.

The article is penned in a moderate and courteous spirit; yet even this kindly opponent can scarcely repress a paternal smile at the enthusiasm and im-

¹ *The Difficulties of Socialism. Economic Journal*, vol. i., p. 174.

petuosity of youth, and seems to suggest that the collectivist's aspirations must be born of indignation rather than of judgment. He of course discovers lack of novelty, "the succession of Socialist visions has been endless,"¹ and all the plans have failed, though the exact relevancy of this is not apparent, seeing he admits that they possessed one characteristic "separating them wholly from recent proposals."² But whilst he recognises that the experiments of the past "are all examples of small families separated from the world"³—that they were attempts to lead the ideal life after the manner of the recluse—he has not the same perception of the fact that Social Democracy is a movement growing from within, aiming, not at an immediate accomplishment of the ideal on a small scale, but at the gradual advance of the nation towards that ideal. For when he comes to consider "wider schemes,"⁴ the "vision" which he sees is no longer a socialistic one, and his mind is immediately overshadowed by the popular delusion that the collective organisation of industry means Communism pure and simple.

- That some property, and doubtless an increasing amount, would be held upon communistic principles is, of course, perfectly true and, even under what our critic would describe as the present individualistic *régime*, we have the same to be existing in the case of our public thoroughfares, bridges, and national museums, not to multiply instances. But underlying his conception of Socialism is the idea, not of securing

¹ *Ibid.* p. 175.

² *Ibid.* p. 177.

• ³ *Ibid.* p. 177.

⁴ *Ibid.* p. 178.

to each man the equivalent of the produce of his labour, but of "the outcome of the whole" being "redistributed" again with an utter absence of jealous greed, to the satisfaction of every member of the redeemed universal family,"¹ and the converting of "a preponderant mass of the possessors of political power to the principle of a *community of goods*"²—a fundamental misconception which has already been dealt with.³

Nor can the champion of individualism rid himself of "the principle of confiscation;" and whilst he discovers that when law has for generations sanctioned the private ownership of property, "it will be very difficult indeed to affirm the right of the community to resume without full recompense such ownership,"⁴ except upon principles which would justify the confiscation by the community of all possessions," he does not tell us whether, if the workers succeed in altering the law so as to secure to themselves the full products of their future industry, this also would come under "the principle of confiscation;" nor does he seem to realise that he is himself pronouncing condemnation on the claim of a favoured section to appropriate for all time more than half of the produce of others' labour. He propounds the same "moral difficulty" as attending on the "confiscation of all the superior results arising from the differentiated superiorities of different men"⁵—which, however,

¹ *Economic Journal*, vol. i., p. 176.

² *Ibid.* p. 178.

³ *Ante* pp. 95-105.

⁴ This view again is based upon a misconception. *Ante* pp. 109-1.

⁵ *Economic Journal*, vol. i. p. 180.

socialism does not,¹ as he imagines, involve "con-
 cessedly" or otherwise (save on the assumption that
 it is confiscation of rent of ability to give equal
 opportunities to all), and to which indeed the principle
 of "to each the products of his labour" is in direct
 antagonism.

That, wandering in these obscure paths in his search
 for robbers, the worthy knight should meet with the
 venerable bogies of the "repression of originality,"²
 the impossibility of "freedom of selection,"³ and the
 discouragement of the inventive faculty,⁴ is not sur-
 prising. With a narrowed vision and a diminished
 sense of proportion, he fails to realise that a variation
 in the amount of a man's "personality" does not
 obliterate his "personality" (though it must be ad-
 mitted that when the former reaches an irreducible
 minimum the latter has not a very attractive guise);
 or that the "law of fashion"⁵ is not a matter for
 supreme anxiety, and, so long as our common needs
 are supplied, we can afford to risk (as indeed we now
 have to) a failure to immediately gratify some of
 those fanciful wants which the disappearance of a
 plutocracy would so largely diminish; or that even a
 "bureau of inventions" (which we venture to suggest
 would not long be characterised by "lethargy"⁷) might

¹ *Ante* p. 121 *et seq.* ² *Economic Journal*, vol. i. p. 186.

³ *Ibid.* p. 184. ⁴ *Ibid.* p. 183 ⁵ *Ibid.* p. 184. ⁶ *Ante* p. 77.

⁷ It seems commonly supposed that the defects of present
 public administration would characterise socialistic institutions.
 But to-day there is scarcely any inducement to Government em-
 ployés to do their best for the community, whereas under a
 system of collective production there would be a community of
 interest amongst the workers. Moreover, many existing State

not present a greater impediment to a man of originality of ideas than the existing absence of means frequently does, whilst it is just possible the workman would meet with a little better reward than that of seeing his discovery patented by his employer, and a powerful stimulus would be found in the existence of a common interest to increase the productivity of labour.¹

* And with regard to the general regulation of supply, and the adjustment of international exchanges, whilst these are complex problems into which the general reader would scarcely care to follow us, it may be repeated² that the common wants of the nation—unlike the ever varying cravings of the satiated few—can always be foreseen with approximate exactness; and we can discover no reason why a “Local Government Board” should command less statistical information or prove less effective than a “Board of Directors” (who, by the way, do occasionally make mistakes), or why it should be more difficult to gauge the demand for “raw sugar” when the article has to be imported by a branch of the Government, instead of by trading companies or private merchants (although it may be granted that there might be a falling off in the supply of the typical sand).³

and municipal industries are managed as well as, if not better than, private enterprises. See *Quintessence of Socialism*, pp. 53, 54.

¹ We have already seen (page 37) that this is not the case now; and that under the existing system of production, inventions in the main benefit the monopolists, and the position of the labourer is seldom improved.

² *Ante* p. 77.

³ *Ante* p. 78.

Yet these are the only "difficulties" of Socialism" to which our critic appears to attach any importance; and presumably he considers them fatal to our solution of the problem of poverty. Starting from a series of misconceptions and misapprehensions; attaching an exaggerated importance to insignificant or minor points, whilst ignoring great central truths; unconsciously engaged in the futile attempt to stem the rising tide of democracy, to whose advance he has himself contributed; he has done not a little to promote the growth of the principle against which he is contending, by showing the feebleness of the criticism a man of marked ability can offer

The Individualistic Remedy

But, as has been intimated, it is not enough to point out disadvantages, even if real, and were the "difficulties" as substantial as they are chimerical, they would really count for little. We are confronted with a terrible evil—an evil with which we have unfortunately been confronted so long that we have almost forgotten it is terrible, and the "young man" may therefore be forgiven if "the complacency of his seniors irritates him"¹. Unless the individualist contends that poverty is right, he must not be satisfied with mere destructive criticism, even if effective, but must himself submit a constructive remedy.

Yet upon this point we only get a few closing words from Mr. Courtney. Of the "difficulties" of his own position he has nothing to say. Whilst the

¹ *Economic Journal*, vol. i. p. 175.

stormy seas upon which he descries the Socialistic bark prove to be but painted billows, he leaves us to imagine that the Individualistic craft cruises only in tranquil waters. Of the swift under-current, of the rocks ahead, of the deserting crew, of the ultimate shipwreck, which many think they can clearly discern, he is blissfully unconscious. But he does faintly realise that there is a desired haven, and with more courage than prudence promises to steer us to it.

"If we are to judge aright," he tells us, "the programme of Socialist promise, we must compare it not merely with the society that exists, but with society as it too might become, though remaining based on the principles that now underlie it, as its units grew in morality and wisdom."¹ And then he proceeds in some half-dozen sentences to explain how indigence is to be banished. After recognising that "man is a social animal," and that "his career is only possible through a participation in labour, an interchange in services, a co-operation in toil with his fellow-men,"² (without indicating in what way the unproductive consumer displays these attributes), he inquires "what might not the race become through the education of the individual man thus endowed with complete personal freedom, and using that freedom as his reason directs, now to work apart and then in union with his fellow or his fellows?"³ (why not add, "and then to live on them without doing any work?"), and next bids us "consider what might be accomplished through a growth in temperance, prudence, and the gift of sympathy."⁴

¹ *Economic Journal*, vol. i., p. 187. ² *Ibid.* ³ *Ibid.* ⁴ *Ibid.* p. 188.

And this is his solution of the problem, for he gravely goes on to announce, that "the world would be transformed without any invasion of personal liberty," and (we venture to italicise this remarkable prophecy), "*Poverty, as we understand it, would disappear!*"¹

Such is the alternative to "Socialist visions" propounded by one who is too practical to be influenced by the "fascination of a dream," and who tells us that "any scheme of social order which is not wide enough to absorb and renovate society as a whole must be put aside as incurably faulty."² The world is to be transformed, and poverty is to disappear, not by the invasion of personal liberty (to appropriate the fruits of others' industry), but by the gift of sympathy (which shall lead to the voluntary restoration of what liberty has allowed to be annexed)

Was there ever "Socialist vision" so extravagant as this? Well may the individualistic seer declare elsewhere that he "would rather not set a limit to the extent to which the doctrine of renunciation may be carried."³ For he himself relies on its being limitless, and succumbs to the "fascination of a dream." But it is not the dream which illumines the Socialist's couch: it is the vision, beautiful, yet not of this world, which lightens up the Anarchist's pillow—a vision of a millennium of universal brotherhood, when there shall be no need of law, for each man shall love his neighbour as himself. We would not have it fade entirely away, for it is born of noble aspirations; but it is time that

• ¹ *Ibid.* p. 188. ² *Ibid.* p. 178. ³ *Ibid.* p. 178.

more of us awoke to the stern realities of life. We too can work for "the education of the individual man," and for the promotion of "temperance, prudence and the gift of sympathy"—for monopolies have not yet invaded the moral region. Nay, Collectivism has a nobler ethical code; for whilst Individualism sees no vice in eating without working, or in the appropriation of the produce of others' toil, Socialism is distinctly based on the principle of the brotherhood of man and the solidarity of the race. But at the same time we sadly realise that the solution of our problem cannot be found in a simple appeal to those who are in possession. With the records of centuries open before us we know too well that by this method alone, limitless though the *doctrine* of renunciation may be, Poverty, as we understand it, (whatever the qualifying phrase may mean) will NOT disappear. And until the critic shall show unto us a more excellent way of solving the problem, we may be pardoned for adhering to the solution propounded in these pages, believing it to be the only possible solution—one based on Economic truth and on the eternal principles of Justice.

PALLIATIVES AND NOSTRUMS.

But without relaxing our efforts to eradicate the causes of Poverty, we must, so long as the causes exist, continue to devote attention to effects. Since the cure of the disease is a work of time, anodynes must meanwhile be employed.

It is essential, however, that this treatment should be subsidiary and not primary, and that nothings should

be done which will retard the cure. Hence, whilst some of the remedies now prescribed will continue to be useful, it will be recognised that they are palliatives and not specifics; whilst others will be unhesitatingly rejected as injurious nostrums.

The Poor Law

Some organised method of affording relief is absolutely necessary; but our present Poor Law system is, as has been said, inadequate and demoralising. It does not aim at being even an efficient palliative, but, on the contrary, whilst affording some mitigation of pain in one direction, often gives rise to pain in another; so much so that many endure their present sufferings in preference to those which the parish inflicts. Our administration is so erratic, and accompanied with such an amount of harshness, that rather than become subject to it some of the poor prefer to die, and others procrastinate with fatal results.

The first thing to recognise is that poverty, as a rule, is not a vice, but a misfortune; that it is due not to the transgression of the individual, but to the sins of society. Guided by this principle, we see that a thorough revision of the system is necessary. We want more efficient bodies, elected on a thoroughly democratic basis, and directly responsible to the people. And we want an administration which shall tend to depauperise the deserving poor, and which shall not discourage thrift by refusing relief to those who have made some little saving out of their scanty earnings. And instead of the present grudging and repelling

provision for such as, after lives of toil, find themselves without any means of subsistence, we want State pensions for the aged, as a practical recognition that prolonged service to the community carries with it the right to at least the ordinary comforts of existence in declining years. The cost need not be thereby increased, for inefficiency does not mean economy; but, even if additional expense were entailed, we ought cheerfully to bear it, remembering that all we have comes from labour, and that the poor are generally the hardest workers.

In London we also require a single Poor Law Council and an Equalisation of the Poor Rate. At present the only central body is the Metropolitan Asylums' Board; and we have thirty Boards of Guardians for the various parishes or groups of small parishes; whilst the rates may vary from eighteenpence to three shillings in the pound. Uniformity of administration is impossible under these conditions, and the unequally apportioned burden falls with especial severity on the poorer classes; for it is, of course, the wealthier districts which enjoy the advantage of the lower rate.

Philanthropy.

Another palliative—it is nothing more—is found in Philanthropy. It must not be undervalued; but it may be compared to brandy, useful to tide over a crisis, but useless to effect a cure. If we find a man dying for want of food, it will not help *him* to devote our energies to altering the conditions of society by which starvation becomes possible. Prompt measures are necessary; and here benevolence comes in."

More discrimination, however, is necessary. Charity is at present often a bane rather than a benefit, because it is aimless or misdirected. And this generally arises from laziness on the part of the bestower, whose motive is often the pacification of his own conscience. Benevolence can be egoistic as well as altruistic: and, as a rule, comparatively little effort is made to ascertain the fitness of its object. The most deserving are generally the least pertinacious; and fawning servility often succeeds at the expense of unobtrusive merit. Great care is, therefore, required in rendering assistance; and when rendered it should be in a way least calculated to wound the feelings of the recipient.

And with all our philanthropy, let us never forget that we are simply giving back some small portion of what we have received—that we are in a position to be philanthropic because others have been labouring for us. If the poor had justice they would not require charity.

Emigration.

Some relief can also be afforded by assisting the poor to find a home beyond the seas; but necessitous emigration is not very fascinating. To the extent to which the worker can obtain a higher reward for his labour, and escape from the unsanitary conditions of slum life, he, of course, derives real benefit; and by lessening the pressure at home there is gain to those who remain. Nor do the disadvantages which attend on immigration to densely populous countries apply to many parts of the globe,

where, indeed, additional labour is often an acquisition.

But the people who suffer most from poverty are precisely the people who have little chance of emigrating. The skilled labourer may save sufficient to pay for his passage to some of the new worlds; but his withdrawal is a loss to the old country, unless we can simultaneously increase the efficiency of those lower in the ranks. The latter unaided can do practically nothing; and hitherto outside agencies have made no appreciable diminution in their numbers. The wider scheme of General Booth (which, amongst its numerous features, presents us with "the colony over sea") though marred by many defects—such as the autocratic rule, the subjugating discipline, and the indirect theological propaganda—is the outcome of noble impulses and great constructive talent, and may eventually prove a potent palliative. But it is important to remember that it can never effect a cure, and that new generations of paupers will arise so long as the causes of poverty remain.

And the expatriation of the worker is, at the best, a sorry method of mitigating the evils of a defective industrial organisation. Free intercourse between nations, and the opening up of new sources of wealth, are things desirable in themselves; but the exodus of the poor is a confession of failure, and only by the exodus of poverty will success be proclaimed.

Peasant Proprietorship.

Those who have once realised the evils of land monopoly will have little sympathy with schemes.

for enlarging the number of the individual landlords.

The praises of Peasant Proprietorship have been sung by many, including the older economists; but the effect of such a system is simply to swell the ranks of the monopolists. The extension of privilege, of course, benefits those to whom it is extended; but the fact remains that privilege can only be purchased at the expense of those who do not possess it, and, since there are necessarily very rigid limits to the multiplication of individual landowners, this method of procedure is inherently vicious. ..

The proposal has been frequently advocated from feelings of genuine sympathy with the humble tillers of the soil, who see the greater part of the fruits of their labour appropriated by their landlord for his personal benefit. But to remedy this, we must not in turn consolidate and perpetuate the system by making the peasant himself a freeholder.¹

What the worker on the land requires, until such time as he shall otherwise be assured the products of his industry, is reasonable security of tenure at fair (or economic) rent, and compensation for unexhausted improvements. And this can best be promoted by the acquisition of land by municipal bodies, and the granting of leasehold allotments to the labourers upon equitable terms. By these means the latter will be able to obtain the full benefit of their labour; whilst at the same time the community (of which they, of

¹ Hence the recent Irish Land Purchase Act (which might be more fittingly entitled "The Irish Landlord Relief Act") is a retrograde measure. See note, p. 112.

course, form a part) will secure the economic rent, including any future unearned increment.

Leasehold Enfranchisement.

The favourite middle-class measure for converting leaseholders into freeholders is open to the same objection as the scheme of peasant proprietorship, without having the same excuse, and must be emphatically proclaimed a quack remedy. It would not effect the slightest improvement in the condition of the poor—and, indeed, to do them justice, its advocates seldom contend that it would—but it would enable the villa residents and shopkeepers to join the ranks of the landed monopolists and tend to a perpetuation of the evil.

When we find, of all others, the “United Property Owners Association” publicly recognising in Leasehold Enfranchisement a strengthening of the defences of the “rights of property,” we need not seek any more effective condemnation of the measure; for we know what is meant by the “rights of property,” and we give this worthy association of expropriators credit for being good judges of their own interests.

No doubt, however, the leaseholders have legitimate grievances, particularly in the existence of the power their landlords now possess of annexing the full value of business good-will created by the industry of the tenant. But the remedy lies in the direction already pointed out. A “Tenants Protection Act,” which shall secure compensation for reasonable unexhausted improvements, and for injury to good-will in case of

wanton disturbance, is all that is required—and that only so long as the private ownership of land and capital continues.

Trade Unionism.

We pass on to notice a movement which is of a different character, but which nevertheless partakes of the vice of seeking less to abolish plunder than to share in the spoil.

The chief object of Trade Unionism is, by combination of the workers, to raise and maintain a standard rate of wages. As a weapon of defence against capital it is legitimate enough, but, unfortunately it becomes a weapon of attack upon labour and consumption; for, as a rule, any benefit which is secured is obtained not by lowering profits, but by limiting numbers and by raising price. No doubt where a particular trade becomes increasingly prosperous the workers may by combination secure a rise in wages at the expense of profits, whilst there are other cases where cheap goods are dearly bought at the cost of a terrible degradation of the workers. But the general tendency of the action of Trades Unions is to establish a new monopoly. For their power depends upon their exclusiveness,¹ and their members but too often raise themselves by depressing those outside their ranks.

And the classes to whom Trades Unions can offer little consolation are precisely the classes with whose condition we are concerned. The bulk of the mem-

¹ Only one in nine of the wage-workers belong to Trades Unions. *The Eight Hours Day*, p. 167.

bers of these powerful organisations can scarcely be regarded as victims of poverty. The poor, as a rule, cannot combine, for the simple reason that they lack the ability and means of organising. When they have succeeded in obtaining any benefits for themselves, it is because they have been marshalled by powerful leaders and have been backed up by public opinion—as in the case of the Dockers and the Match Girls. But spirited leaders are not always forthcoming, and public support is intermittent.

Hence, Trades Unions can afford no direct assistance in the solution of our problem, and in some respects have a tendency to add to its gravity. Yet, indirectly they are of value. They are a standing protest against unrestrained capitalism; they focus the opinion of important sections of the labour world; they offer powerful centres for the organisation of workers; and, above all, now that they are acquiring a more just appreciation of the nature of industrial problems, they can, and doubtless will, materially advance democratic legislation and promote the growth of Collectivism. Statesmen are beginning to realise that they are not so much educating as being educated by their "masters," and even the party of privilege has discovered that it is expedient to play to the gallery; so that, whilst on the one hand we have the Liberals pledged to an elaborate Socialistic programme, on the other we have the edifying spectacle of the Tories deserting their publican allies in obedience to a popular rising, accepting paternal responsibility for a scheme of Free Education, and appointing a Royal Commission on Labour. *Tempora mutantur.*

Co-operation.

If Trade Unionism aims at raising wages, in Co-operation we have a far more ambitious scheme; its object being to annex or eliminate "profits" altogether.

Co-operation, in fact, strikes a distinctly socialistic chord; it seeks to prevent the exploitation of labour, and it aims at this by means of the collective control of industry. It is not, therefore, surprising that the man who projected the co-operative ideal—Robert Owen—should have been called "the Father of English Socialism."¹ But, whilst there is this similarity between Co-operation and Socialism, there is also this great difference, that the sphere of the one has very clearly defined limits, and the sphere of the other is practically unlimited. And the difference is fundamental; for a scheme which cannot embrace all is a mere development of the capitalistic principle, it may spread monopoly over a larger field, but it offers little consolation to those who are excluded.

No doubt in the comparatively brief period—less than fifty years—since the Rochdale Pioneers "successfully grafted certain portions of Robert Owen's Co-operative ideal on a vigorous democratic stock," the progress made has been remarkable; and to-day Co-operative Associations can boast of a "million members, thirty-six millions of annual trade, three millions of yearly 'profits' and twelve millions of

¹ *The Co-operative Movement in Great Britain.* By Beatrice Potter (London: Swan Sonnenschein & Co, 1891), p. 16.

accumulated capital.”¹ Nor is there any foundation for the common idea that it is only as distributors co-operators have succeeded; and, indeed, the previously uninformed reader of Miss Potter’s interesting and able work on the subject will probably be astonished at the extent to which co-operative production is being carried on. This progress, however, cannot be taken as an indication that the principle admits of indefinite application.

For there are two very rigid limits to the extension of the co-operative movement; one of which is found in the very nature of many of the most important industries, and the other of which is seen in the conditions of life of vast masses of the people. The “Co-operative State” cannot administer large national undertakings, or carry on the export trade; and it is practically restricted to the production and distribution of commodities for the personal consumption of its members. And it cannot bring within its dominion that poverty-stricken and migratory class who lack the pre-requisites of effective combination, and to whom sermons on ‘self-help’ are idle mockery.² Whilst the voluntary associations may, not altogether unjustly, be proud of their twelve millions of capital, the municipalities already administer upwards of three hundred millions, and the total capital of the country is estimated at ten thousand millions.³ And if a membership of a million is a satisfactory record, the fact remains that about six-sevenths of the male wage-earners (and

¹ *The Co-operative Movement in Great Britain*, p. 59.

² See *Ibid.* chap. viii.

³ See *Ante* p. 32.

about ten-elevenths of the total wage-earners) are out in the cold.

- Co-operation, then, can never solve—nor is it pretended it can solve—the problem of poverty. But it is a movement of immense value. To those who can be brought within its scope, it is, of course, of great benefit, and indirectly it is a national power. Not only will Co-operative Associations ultimately lend themselves to municipal absorption more readily than will private businesses; but, meanwhile, they demonstrate the feasibility and gain of collective production and distribution, develop habits of self-reliance, whilst asserting the principle of intercommunity of interest; afford a desirable avenue for the investment of small savings, and promote the growth of democratic power, and the extension of municipal activity. Like Trades Unions, they are also centres of political strength, and supply the means of federation to masses of the workers, and when the future historian shall trace the growth and chronicle the triumph of Social Democracy, he will not omit to pay a tribute to the benefits conferred by the Co-operative movement.

SUMMARY.

Along this road, then, have we travelled.

Poverty, we have found, arises from Insufficient Production, from Waste, and, above all, from grossly Unequal Distribution—and these, in turn, are intensified by Poverty itself. And the remedies are to be found, partly in the individual ordering of our own

lives, partly in the wise exercise of the influence over others we all possess, and especially in the extensive and thorough democratising of our representative institutions, and the gradual enlargement of their functions. By these means, and by these means only, can poverty be banished. They have been brought to the test of adverse criticism; counter-proposals have been weighed in the balances and found wanting; and the limited sphere of palliatives has been seen.

Democratic Socialism, or the ownership by the community of the instruments of production and the organisation of labour by representative bodies, so as to bring about increased productivity, a minimising of waste, and an equitable distribution,—this, combined with the loftier conception of Ethics involved in the process, is the culminating stage of the present evolution of industrial society. And our practical programme for to-day comprises the extension of the Suffrage and other Electoral Reforms; the further development of the National Education movement; a wider dissemination of the truths of Economics; a diminution in the consumption of Luxuries, and especially of Alcoholic Beverages; a judicious control of Population, an Eight Hours Labour Day; an increased and cumulative Taxation of Land Values; a differentiated and graduated Income-Tax; an equalisation and graduation of the Death Duties; a radical reform of the Poor Law system; the increased acquisition of Land and Capital by the State and Municipalities, and the gradual extension of Industrial Collectivism.

It is, therefore, chiefly by means of our representative institutions that we must work for the removal of poverty. And hence, the political indifference or apathy so many display, stands unequivocally condemned. No justification can ever exist for the absolute neglect of the duties of citizenship; but when it is once realised that unless they are efficiently discharged we cannot hope to remove the terrible evils which abound in our midst, the claims of politics can only be ignored at the cost of our moral deterioration. The individual who fails to fulfil, according to opportunity and capacity, his or her obligation to the community, is emphatically a bad citizen; and, when transgressing, in the light of knowledge, stands convicted, however virtuous in private life, of flagrant social immorality.

All classes then can do something towards the abolition of poverty. We do not suggest that individual landlords, capitalists, and men of ability should forego their rent, interest and remuneration (save to the extent to which it is obtained by extortion or harshness not necessarily characteristic even of a monopolistic system), for this would simply mean private philanthropy, and that in the main very unwisely applied. So long as the system continues, the monopolists, although they can do much to mitigate its horrors, cannot by isolated individual renunciation bring about a radical reform. But what they can do is to join with the humblest toiler in working for an alteration of the system, and in thus hastening the end. If they will not, it only remains for the toilers to band themselves together the more earnestly, and

to strive with patience, knowing that time is on their side and that the doom of privilege has been pronounced.

THE ZEITGEIST.

For a brighter day is dawning—has already dawned. The age of pure Individualism and unrestrained Capitalism is past. Whether we realise it or not, whether we welcome it or not, Social Democracy is making rapid strides—without so much as turning aside a hair's breadth, or even blinking at the sight of the ghosts which the critic darts across its path.

The history of the last fifty or sixty years is largely the history of the unconscious growth of Socialism. *Laisser-faire* had reached its apotheosis. The wheels of the capitalistic Juggernaut car were revolving to the triumphant strains of the March of Liberty, hecatombs of victims strewed the road; and men, women, and little children were being mangled and crushed out of existence. At length a revulsion of feeling arose: if this were the price of liberty, then, said some, liberty was dearly purchased. The cry of the children took concrete form in Miss Barrett's¹ beautiful poem, and humane men, like the late Lord Shaftesbury, were moved to arouse the public conscience. To talk of freedom of contract between a powerful capitalist and a puny child, or even a helpless woman, was, they realised, an idle mockery: and although they did not get the length of discovering that with a monopoly of the instruments of production the proletariat must necessarily be more or less in a con-

¹ Afterwards the wife of Robert Browning

dition of slavery, they were the true pioneers of Socialism. They sought a practical remedy for the more glaring evils they saw around them; and persevered in their course, amidst much opposition, yet all unconscious of the fact that they were inaugurating an industrial revolution.

There had been some restrictive measures enacted in the early part of the century; and the reformed Parliament of 1833 struck the first substantial blow at the "liberty of the subject" by the passing of the Factory Act of that year. In 1842, 1844, and 1847 Lord Shaftesbury (then Lord Ashley) succeeded in adding to the statute book enactments still further restricting in the interest of the workers the so-called freedom of contract. The Mining Act of 1842 had been a step in the same direction, and this year also saw the Income Tax established—an impost which on individualistic principles is absolute confiscation, being simply the socialising of a portion of the rent alike of land, capital, and ability. A vast number of "Local Improvement Acts" had the effect of imposing restrictions on the free user of private property, and the Public Health Act of 1875, which ultimately consolidated the law on the subject, is purely socialistic in its provisions. The Municipal Corporations Act of 1835 had created the machinery for collective organisation of local affairs; and we now have the extensive municipalisation of gas, water, trams, artisans' dwellings, lodging-houses, baths, wash-houses, libraries, museums, parks, etc. Year after year new restraints have been imposed on Capitalism, in the form of Truck Acts, Adulteration Acts, Employers'

Liability Acts, Merchant Shipping Acts, and other measures, too numerous to mention, regulating the majority of large trades; some of the later specimens being the Shop Hours' Regulation Act, the Margarine Act, and the Merchandise Marks Acts.¹ It is under Mr. Courtney's "individualistic" régime that a man is prohibited from selling "Butterine," and that "A present from Snowdon" is branded as "Made in Germany"!

Simultaneously there has been accomplished a large number of fiscal reforms; and the progress made in this direction only seems insignificant when compared with what remains to be done. The abolition of the taxes on knowledge gave us the book of a cheap press; and the Education Act of 1870, despite its compromising principles, was a revolution in itself—the twenty-first anniversary of which has been fittingly celebrated by a legislative extension of its principles. And the workers have acquired an increasing voice in the Government,—the last two Reform Bills, unlike their predecessor of 1832, being really democratic measures.

We have thus made a fair start on the road to Social Democracy. It is only a start; and, as we have seen,² the growth of population has, under our system of land tenure, led to so enormous a rise in rents, and under our system of production for private

¹ For a detailed account of the progress of Socialistic legislation, see *Socialism in England* by Sidney Webb (London: Swan Sonnenschein & Co) chap. vii.

² *Ante* p. 38 *et seq.*

profit so vastly added to the power of capital, that the counteracting influences brought to bear on the operation of the law of monopoly have not as yet been sufficiently powerful to produce very appreciable results.

But the schoolmaster is abroad ; and all the signs of the times are in the direction of progress towards the ideal. Our practical programme is now substantially "the authorised programme" of the Liberals, whilst the Tories are becoming increasingly adept in the interesting game known as "Dishing the Whigs" "Problems of collective production, collective ownership, and collective consumption are entering on a new phase."¹ And men of marked ability, themselves belonging to the monopolist classes, are zealously working for the regeneration of society by the means of which a brief outline has here been given

In short, we have resolutely turned our backs on the flesh-pots of Egypt, and are boldly marching forward to the promised land. We may not reach it, our children may not reach it, but they shall start, with all the energy of youth, from the spot where our pilgrimage ends, and so with their children, until the earthly paradise is won. And for us, and for them, and for all who bear the heat and burden of the march, there are Pisgah heights, around which blow the cool refreshing breezes, and from which is obtained a glorious vision of the Canaan beyond.

¹ *Principle of Economics* by Professor Marshall, vol. 1., p. 46

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